



Fighting for taxpayers

July/August '02

Corporate Welfare in La Belle Province

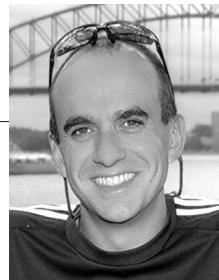


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- CTF Releases Major Study on CED-Q
- Gas Tax Honesty Day
- Cost of Official Bilingualism
- Tax Freedom Day

From the editor

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Something Positive to Consider

Recently we received a letter from David Krause. David is a long time CTF supporter and farms near Shaunavon, Saskatchewan.

Writes David: "I'm frustrated with your magazine. It's depressing, full of doom and gloom – all bad news. Perhaps you could have ... some good news, or, something positive!"

Fair comment from David. I'll address why I believe our work is, at its root, positive. But first – while it may surprise him – point out that we receive letters like his on the other side of the coin.

In February 2000, then Finance Minister Paul Martin introduced a budget that cut taxes and eliminated bracket creep. And while that budget did not go as far as your CTF may have wished, it achieved objectives the CTF spent three hard years fighting for.

We congratulated the finance minister. Can you guess what happened next? Phone calls and letters arrived stating that we

were being too positive!

The CTF attempts to be philosophically consistent. We set out objectives and measure our comments accordingly. Since the 2000 federal budget, governments federally and in the provinces have started to increase taxes again (even in Alberta of all places). On page 34 we learn

“All our work at the Federation is grounded in optimism ...”

that Tax Freedom Day falls a full two days later than just one year ago. And increasingly, governments, (hello Mr. Chretien), are unapologetic in the face of unprecedented waste and scandal.

It's also important to note that – you – our supporters overwhelmingly state in annual surveys to make exposure of waste our number one priority. Often, our greatest tool is embarrassment, and spotlighting absurdities is the first step toward changing them. Indeed, this was the equation in many successful CTF-led campaigns whether reforming MLA pensions, eliminating provincial business

subsidies or forcing politicians to honour their election promises.

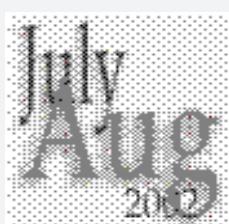
These stories and campaigns are *not* meant to depress people. They are intended to provide information and spur people to action by: contacting politicians, writing letters to the editor, circulating petitions and phoning talkshows. Often times that 'action' will be in opposition to something, but on other occasions it will be

to reinforce a positive policy development or offer constructive alternatives, such as your CTF is doing on health care reform.

Ironic perhaps, but in fact all our work at the Federation *is* grounded in optimism. It rests in the conviction that individual citizens – rather than governments – can achieve great things. The CTF seeks to empower individual taxpayers and promote prosperity and fairness for all by limiting how much governments interfere in our lives. David's point is well taken, but we believe the underlying spirit and intent of our advocacy is one of the most positive things we can work toward.



The Canadian Taxpayers Federation (CTF) is a federally incorporated non-profit and non-partisan organization dedicated to lower taxes, less waste and accountable government. Founded in 1990, the Federation is independent of all partisan or institutional affiliations and is entirely funded by free-will, non-receiptable contributions. All material is copyrighted. Permission to reprint can be obtained by writing the administration office. Editorial cartoons are used by permission. Printed in Canada. Post Office: Agreement number 1473506. **Return all undelivered copies to:** Canadian Taxpayers Federation, 105 - 438 Victoria Ave. East, Regina, Sask., S4N 0N7



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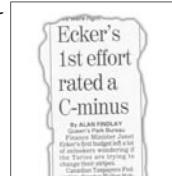
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Tax Freedom Day falls two days later than just one year ago.

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ON: Ontario Budget 2002

CTF to Eves: Don't tamper with taxpayer protection.

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Letters-to-the-editor

Doing a Good Job

I have recently become a supporter of the CTF and applaud your efforts on behalf of the average Canadian taxpayer. My company has supported the CTF for years. However, I felt that your efforts needed to be spread to more of the general public and thought that an extra supporter might be of some help. Keep up the good work!

Tim Dusyk, Montmartre, SK

I'm 32 years old, four kids, mortgage and Chretien is bending me over at the paycheque counter.

Enclosed is all I can afford at the moment. I've read your publication, and couldn't agree more! I am a vocal-supporter of any and all efforts to downsize government, and make elected officials accountable.

Thank you so much for having the courage to speak out and make an impact on the minds of the people.

A Fraser, Summerland, BC

I have just become a supporter of the CTF and would like to say that your representative Mr. Bill Sims of Neepawa did a very good

Letters-to-the-editor

Letters may be edited for length and content. Send them to: *The Taxpayer*, 105-438 Victoria Ave. E., Regina, SK S4N 0N7
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job explaining the way governments are wasting our tax dollars. Thanks again.

Brien Walsh, Neepawa, MB

Flying Tax

I have been a supporter of the CTF for a year now and am gratified that there is someone out there looking out for the taxpayer. Just a note regarding the new flying tax. My wife and I have planned a weekend getaway to Vancouver Island next month. Imagine my surprise when I noted there was \$171.18 tax on a total airfare of \$384! If I knew that it was going to a good cause I might not be so upset. But it is not. I know the CTF is lobbying to have the flying tax [eliminated].

Dr. Karl Hoehne, Calgary, AB

Aboriginal Issues

For all my working years I have worked with and on Indian reserves. The one overlooked fact is that the vast, vast majority of Indians are Canadians of mixed racial origins. One does not need any aboriginal blood to be a status or treaty Indian. A white woman who marries a status Indian becomes one. So individuals who were not even born in North America can become a treaty Indian. Fight for one set of rules and laws for all Canadians. Get rid of the Indian Act.

Ron Willson, Calgary, AB

I feel that aborigines should pay taxes like the rest of us. We live in an area bordering two reservations. They use our schools, highways, public buildings, hospitals and the list goes on and on. All this is paid for out of taxes. I can't think of a legitimate reason why they shouldn't contribute to the costs that are becoming more and more difficult to keep up to.

Mary Urness, Ft. Macleod, AB

I have been reading your material on Indian taxation. My question is, at the time the aborigines claim they were promised never to pay taxes, was anybody actually paying tax?

Income tax never came in until Canada had to pay for World War One and the GST was charged only in recent years. I doubt the subject of tax ever came up in 1899.

Hearsay is never accepted in court so why should word of mouth through generations be accepted?

Some smart lawyers are trying to make millions on legal costs and back taxes.

Jean Day, Brights Grove, ON

After reading the contents of your website I find it to be the home of bigoted, anti-aboriginal, zealots. Reminds me of the Hitler uprising. This land belongs to the natives and as such we should be grateful to them for being

Letters-to-the-editor

here instead of spouting racial hatred.

Dave Glennon, e-mail

Manitoba Budget

One of the largest tax grabs in the Manitoba budget was a one-liner inserted at the very end as an "administrative change". Retail sales tax (GST) will now be applied to all mechanical and electrical installations as of October 1st.

Based on last year's sales, we paid approximately \$35,000.00 on purchases. This year we would pay more than \$110,000 on the same volume. We're a small contractor. This is a huge tax grab.

James G. Gamble, Winnipeg, MB

Gas Tax Honesty Day

You make excellent points about gasoline taxes. I have always taken the view that fuels of all types should be virtually tax-free or at least taxed no higher than the average article. My reasoning is that fuel is such a basic commodity that any price change reverberates through the entire economy:

- All travel (car, air, rail, etc.) is more expensive;
- The cost of travel has an adverse effect on tourism;
- The cost of goods increases as almost everything we

buy includes the cost of fuel used to transport those goods;

- Living in a northern climate, fuel taxes increase the cost to keep warm in the winter; and finally
- Buying and using fuel is not a luxury like entertainment or jewellery, nor a so-called 'sin' like alcohol or tobacco.

Doug Price, Surrey BC

Our roads are in poor condition. Complaints are acknowledged with a sigh – but never any money. A \$2.2-billion trust [as proposed by the CTF] could go a long way to making our roads safer.

J. Kuhn, Manitoba

THE LIBERAL RE-ELECTION STRATEGY:

Manitoba Times cartoon by Ken Oates. © 1996 Ken Oates and The Sunday Times Ltd.

MESIDE



Waste Watch

ATMs bushwacked

Ottawa's latest tax grab came into effect July 1st when the Canada's Custom and Revenue Agency (CCRA) began applying GST to ATM fees -- more specifically, the 75 cent interchange fee. The government will only collect five cents per transaction, but expects to rake in at least \$9 million a year. Canada's revenue arm had not previously taxed this fee because people were simply accessing their own money. CCRA has since changed its mind, claiming the omission was an oversight.

The Report magazine

Environmentalists hit the beach

Flying to the gorgeous South Pacific island of Bali, Indonesia is a trip most Canadians can only dream of. But it's a dream come true for a number of Environment Canada bureaucrats and representatives from six environmental and Native groups. In May, the feds spent \$500,000 to send 43 representatives to meetings in Bali in order to set the agenda for the upcoming Earth Summit to be held in South Africa in August.

And if that doesn't get you hot under the collar, Environment Canada flew the group business class at \$7,000 a pop instead of buying economy class tickets worth \$2,500 each.

The British, meanwhile, with double the population, sent just 34 individuals with only four allowed to fly first class. The total cost for the British entourage was \$195,000.

When the news of this trip was leaked, Environment minister David Anderson explained: "It's OK (to fly economy), if you're a tourist going to go immediately to lie on a beach. Tourist class is fine with that. But if you're involved in heavy negotiations it saves money to have people travel business class."

Le Soleil / The Report magazine

More sponsorship woes

In 1999-2000, Ottawa spent \$330,000 to

sponsor Salon du Grand Air -- a hunting and fishing show in Quebec City. "Sponsorship" allows the federal government to wave the flag at events. To purchase the sponsorship, the feds used the now notorious public relations firm GroupAction.

However, there was a slight problem. The show was cancelled. In fact, an Access to Information request determined that bureaucrats, who knew the show had been cancelled, never bothered to ask for the money back.

The show was to be put on by Expour/Le Groupe Polygone whose events receive nearly 17% of the sponsorship money the feds pour into Quebec. The company has strong Liberal ties as Denis Coderre (current federal Immigration Minister) served as the company's vice president prior to running as an MP in 1997.

Globe and Mail

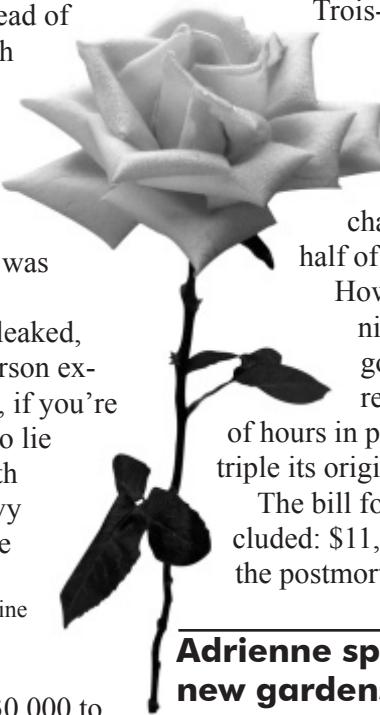
More sponsorship woes, the sequel

In 1998, another Montreal-based advertising group, Communication Coffin, was paid commissions of \$38,000 by Public Works Canada as part of a \$320,000 contract to buy federal sponsorships at two Quebec car races, the Cascar Superseries and Grand-Prix de Trois-Rivieres.

At the completion of the project, Public Works requested a postmortem on the contract routinely provided at no extra cost by the companies purchasing these sponsorships on behalf of the federal government.

However, in this instance, Communication Coffin billed the federal government \$116,000 for the report after tallying up hundreds of hours in postmortem meetings -- nearly triple its original commission!

The bill for the Cascar Superseries included: \$11,500 for a meeting to "prepare the postmortem," \$14,500 to "finalize the



Adrienne spends \$226,000 on new gardens

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postmortem," \$7,700 for "additional meetings required for season-ending postmortem with organizing committee," and \$10,000 for "final meetings for preparation of postmortem reports for Cascar Superseries."

The race in Trois Rivieres had one interesting charge of \$11,400 to "begin preparation of postmortem reports for the Grand Prix de Trois-Rivieres" -- a meeting held a year after the event had run.

Globe and Mail

Who says crime doesn't pay

Mario Pepin, a Liberal organizer and business man in Prime Minister Jean Chretien's riding of Shawinigan, was fined \$400 and sentenced to two years less a day for defrauding Ottawa of \$290,000. Pepin along with Paul Lemire set up secret bank accounts and misappropriated over \$440,000 in federal grant dollars using the money to pay themselves lavish salaries and perks.

Many were angered by Justice Francois Tremblay's ruling claiming that he was too lenient for the size of the crime. The Judge ignored the persecutor's demand that Pepin repay the money. For a two-year jail sentence Pepin earns nearly \$300,000! Good work if you can get it. Lemire was also sentenced to two years less a day, and was required to make a charitable donation of \$10,000.

National Post

Where's the money going?

Routine audits at Health Canada (HC) discovered that two nonprofit groups in

Why did the provinces spend money designated for MRIs on lawn mowers?

receipt of grants from the department had misspent their money. The auditors added that with proper monitoring, HC could have caught these problems itself.

The Toronto-based Canadian Liver Foundation, which is committed to combating liver disease, received \$357,982 in grant money in fiscal years 2000-01 and 2001-02. The audit found that the association had requested the grant to produce manuals and brochures. However, instead of contracting out the project, as stated in their grant proposal, the Foundation did the work in-house and utilized volunteer doctors for the project. Though the costs dropped dramatically, the group did not return the unused portion. As a result, the department told the foundation to return \$100,000.

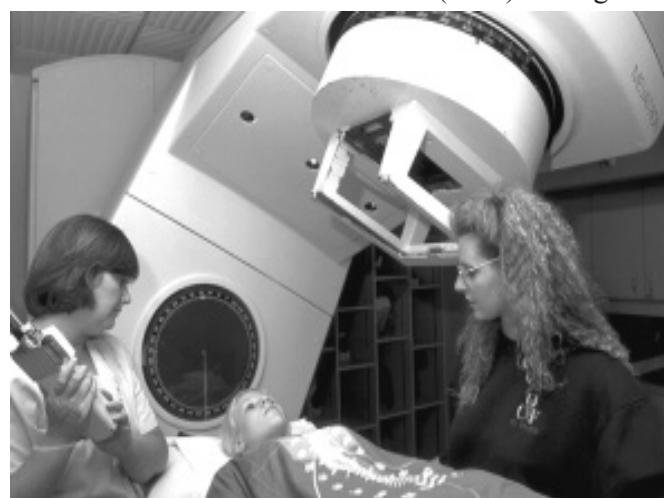
HC also ordered the Hepatitis C Society of Canada to return \$70,000 of the \$483,250 in grant dollars it was given over the same two year period. The auditors discovered that the Society had misspent grant money through a number of unauthorized expenditures including a trip to San Francisco, a top of the line photo copier and lunches. HC went one further step and cut all funding to the Society because of concerns of financial mismanagement.

Globe and Mail

Not for the weak of heart

Taxpayers may be on the hook for yet another lawsuit because of the National Parole Board's (NPB) willingness to put murderers back on the streets.

The case involves Conrad Brossard who was paroled earlier this year and allowed to volunteer at a local nursing home in Trois Rivieres. When Cecile Clement -- who did not know of Brossard's past -- accepted a ride



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home with the convict, she was sexually assaulted and murdered. Her family is considering legal action. Taxpayers have already paid out tens of millions of dollars in lawsuits due to tragic decisions by the NPB.

NPB's legal liability in this case may increase, because this was not the first time Brossard had trouble with the law, some while on parole.

Brossard was sentenced 30 years ago to a seven year term for attempted rape, assault and armed robbery. In 1970, he escaped from a Montreal half-way house and killed Andre Luhaise (32) who had picked Brossard up while he was hitchhiking. Brossard was sentenced to life imprisonment.

In 1980, while on an escorted outing in Montreal, Brossard escaped and kidnapped motorist Mark Lapierre who was stabbed 13 times and then shot. Lapierre, who escaped by pretending he was dead, will never work again. Brossard was jokingly sentenced to another 23-year jail term.

Seven years later, Brossard was paroled by the NPB and while out was arrested for attempted murder and armed robbery. Brossard was again sentenced to life imprisonment.

Five years later, he was paroled to a half-way house, when a psychiatrist ranked Brossard's danger to society as "weak to moderate," providing him opportunity to murder again and taxpayers the opportunity to pay out yet again.

Globe and Mail

Missing in Action

In September 2000, Ottawa established a bil-

Environment Canada sends them first-class to Bali



lion dollar fund so provinces could purchase important diagnostic equipment such as MRIs and CT scanners. The fund was set up after complaints that recent health cutbacks had taken their toll spawning lengthy waiting lists for services.

But according to a report by the Canadian Medical Association, nearly half the money -- \$469 million -- has either not been spent or spent inappropriately.

BC received \$132 million as its share, but used some of the money to buy bedside tables, washing machines and hot water tanks.

Saskatchewan used some of its \$33.3 million share to purchase ice machines and floor scrubbers.

Newfoundland received \$17.4 million and bought a \$90,000 laundry truck, photocopiers, food transfer carts, and a \$19,000 steam cooker.

In Alberta, the Mental Health Board bought sewing machines, wood saws, cameras, radio equipment and a projection screen.

New Brunswick used some of its \$24.5 million portion to buy lawn tractors, fax machines, a dishwasher, ice makers, paper shredders, floor scrubbers and shelving.

Rest assured that while waiting lists continue to grow, the lawns are getting cut quicker.

Globe and Mail

Mom registers a gun

One of Canada's most infamous criminals is

Maurice "Mom" Boucher. He is leader of the Montreal-based Hells Angels' gang responsible for much of the bloody biker wars in Quebec and was most recently convicted for ordering the murder of two prison guards while on

Waste Watch

parole.

Boucher has been in jail three times -- three years for armed robbery, two years for sexual assault and seven months for owning an unregistered handgun.

In his latest trial, pending since 1998, police discovered that the gangster had three shotguns and a 9mm pistol all of which had dutifully been registered with Canada's vaunted gun registry system. If Canada's most infamous criminal can register his guns, who can't? And this happened with 161 RCMP officers monitoring the system and doing background checks.

Additionally, the Canadian Firearms Centre's computers have reportedly been breached 200 times and some suspect criminal elements are accessing the system to identify which homes have firearms.

To date, \$690 million has been spent on the firearms registry, and with an additional \$100 million being racked up each year, costs are rapidly closing in on a billion dollars, all for a system that may, in fact, be endangering the lives of Canadians.

Saskatoon Star Phoenix

Sailing away with tax dollars

The Ontario government took a slap in the face when it was revealed that its publicly owned transmission grid -- Hydro One -- was coughing up \$360,000 for a three-year sponsorship of Team Defiant's 40-foot Canada's



Cup Champion yacht.

The deal comes as little surprise as Hydro One's President and CEO Eleanor Clitheroe, along with her boat building husband, are members of the Royal Canadian Yacht Club and race Endeavor III, their 40-foot cutter. With a base salary of \$750,000, plus bonuses of \$806,250 and other compensations totalling \$625,930 (which includes \$174,644 for a car), Clitheroe certainly has the financial resources to support her hobby. Whether taxpayers can afford it is another question.

The Ontario government stepped in and stopped the sponsorship. But it does make you wonder where else these crown corporations spend your money.

National Post

Keeping up appearances

Adrienne Clarkson has been Canada's Governor General since 1999. When she was appointed, Clarkson promised to restore some dignity and elegance to the position. She wasn't kidding.

Part of her plan included restoring the Governor General's official residence, Rideau Hall, built in 1836, to its original Victorian condition. To accomplish this goal, Clarkson convinced the National Capital Commission (NCC) -- who pays for annual upkeep of the home -- to finance her plan.

Last year, the NCC paid \$2.6 million to maintain Rideau Hall and to finance Clarkson's Victorian revival. This included \$29,242 on new carpet for the dining room. Another \$55,171 was spent repainting the 185 room mansion so it reflected the colour of a typical 19th century Victorian home. The re-upholster and repair of furniture was \$32,000

Why did taxpayers spend \$11,400 on a meeting to "begin preparation of postmortem reports for the Grand Prix de Trois-Rivieres?"

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and drapes cost \$7,787. An additional \$40,300 was spent on fabrics.

Another \$7,953 was expended to exterminate the rats, mice and bugs that infested the place; a bit ironic, since vermin would be a natural part of the decorum of a nineteenth century Victorian home.

She also convinced the NCC to rip out the gardens at the home. Of course, redesigning the gardens required special landscape consultants who charged \$77,290 for their services. And this was just the beginning. Clarkson then spent \$43,449 for a new rose garden, \$9,318 for top soil, \$63,000 for a variety of other shrubs, fruit trees and emerald cedars and \$32,665 to install beech trees and the like.

We're not done yet folks -- Adrienne and her husband-philosopher John Ralston Saul like organic food, so \$2,483 was needed to restore the organic garden. Other expenditures included the purchase of 10 pairs of snow-shoes for \$1,299 and \$378 for storing Adrienne's fur coats.

Not all of Rideau Hall's \$2.6 million budget for 2001-02 was funnelled to pay for Adrienne's Victorian revival, some of it went to regular maintenance costs such as \$148,765 for electricity, \$1,264 for toilet paper, \$124,452 for heat, and oh yes, there was that engineering bill for \$384,823.

National Post

Indefensible

Taxpayers are not only paying part of the defence bill for three men accused of blowing up Air India Flight 182, but they are helping family members of an accused mass murderer

profit from the bombing. The Air India flight came down off the coast of Ireland in 1985 after a bomb exploded on board killing all 329 passengers most of whom were Canadians.

Jaswinder Singh Parmar, who was killed by the Punjab police in 1992, was considered by the RCMP to be the mastermind behind the bombing plot. But apparently he didn't work alone. Ajaib Singh Bagri, Inderjit Singh Reyat and wealthy businessman Ripudman Singh Malik have all been charged with the bombing.

Taxpayers are picking up an "unknown" percentage of the three men's defence costs, which could be expensive since the legal fees for Reyat alone have hit \$240,000 a month and the court case slated for April 2003 hasn't even started.

In addition, Jaswinder Singh Parmar, the son-in-law of accused terrorist Ajaib Singh Bagri and son of the dead chief suspect, Jaswinder Singh Parmar, has been contracted to do work for the defence. The costs for this un-tendered contract to create software and scan in and maintain a data base of the voluminous pages of documents that the prosecution has submitted in its case against Bagri are being paid for by British Columbia's attorney general's office. In the agreement that Bagri's defence team reached with the BC government, Parmar and his wife are paid in excess of \$12,000 a month for the work and to date have already collected over \$200,000.

The defence teams for the other two accused terrorists Reyat and Malik have reached similar agreements with BC's attorney general but are using a third party to build their files.

National Post



Why is the Canadian Firearm's centre registering guns for convicted criminals?

Corporate Welfare

In La Belle Province

Cover
story

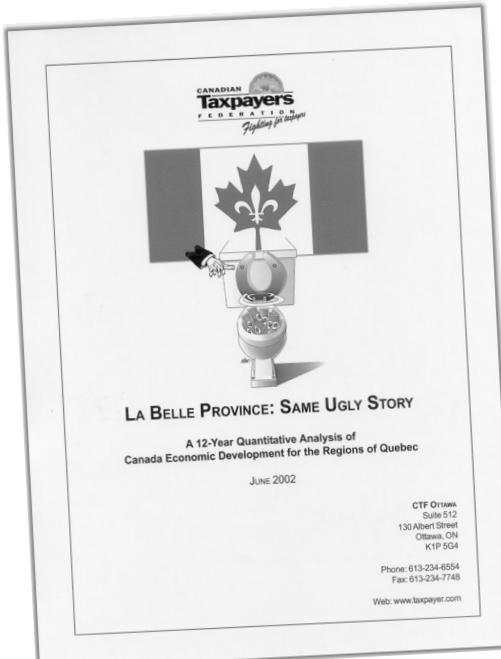
by Walter Robinson

Over the past five years, your CTF has issued five landmark studies on the federal government's foray into corporate welfare. In each and every case the CTF has found major corporate players at the government trough, millions of dollars in loan write-offs that would put any normal bank out of business and hundreds of millions of dollars routinely doled out to ski clubs, local festivals and golf courses.

So it was no surprise that a CTF study of the federal agency Canada Economic Development for the Regions of Quebec (CED-Q) found, well, more of the same.

The CTF found that hundreds of millions of dollars were disbursed to profitable businesses, chambers of commerce, government agencies and individuals.

The study, released this past June, is entitled *La Belle Province, Same Ugly Story: A 12-Year*



The CTF's sixth study on corporate welfare.

Quantitative Analysis of Canada Economic Development for the Regions of Quebec and is available on the CTF website at www.taxpayer.com. As usual, all data was obtained through *Access to Information*.

It is yet another study with more damaging conclusions. If CED-Q was a bank, it would have gone under by now. With this sixth study of corporate welfare through regional development agencies, your CTF has amassed an impressive volume of evidence that clearly shows industrial and regional subsidies don't work,

period.

Memo to Industry Minister Alan Rock: Isn't it time we abandoned this 19th century approach to industrial policy as we continue to march through the 21st century?

Continued on following page



The biggest individual recipient of funds was ski destination Station Mont-Tremblant which received \$48.9 million in contributions.

Corporate Welfare

In La Belle Province

Cover
story

Main Findings ...

The report examined funding activities from fiscal year 1989-1990 through to 2000-2001. During this period some \$1.78 billion was disbursed through 8,965 separate allocations. From this data, the CTF determined that:

- Over \$1.4 billion or 81% of all funds disbursed were in the form of non-repayable contributions and subsidies;
- Over \$817 million or 46% of all funds were doled out to small, medium and large Quebec businesses including corporate players such as ***SR Telecom, Johnson and Johnson, The Royal Bank, Banque National du Canada, Ingersol-Rand Canada, and Siemens***;
- Transfers to other federal, provincial and municipal institutions (some which are not subject to *Access to Information* or *Freedom of Information* laws) accounted for over \$149 million;
- The biggest individual recipient of funds was ski destination ***Station Mont-Tremblant*** which received \$48.9 million in contributions;
- Associations, unions, chambers of commerce and other

Quebec grants under fire

Economic-development aid had political intent, taxpayer group charges

ELIZABETH THOMPSON
Gazette Ottawa Bureau

OTTAWA — The federal government is using its regional economic development program to boost its political fortunes in Quebec, the director of the Canadian Taxpayers Federation said yesterday.

"The principle aim is ribbon-

out \$1.78 billion in 8,965 separate allocations in Quebec. Of that, an estimated \$670 million was for infrastructure. Robinson said the highest level of spending — \$348 million — came in 1994-95, the year leading up to the 1995 referendum on sovereignty. The low was 1997-98,

finding private backers. Robinson also questioned other grants to companies operating tourist

we found was

organizations received over \$154 million, mostly in the form of non-repayable contributions;

- Over \$119 million was disbursed to tourism initiatives, golf courses, bicycle manufacturers, festivals and hotels;
- CED-Q contracts contain a photo-op clause pointing to the political imperatives of funding decisions that override economic concerns;
- Over \$10 million was disbursed through a special program to the 'fashion industry; and
- Since 1991/1992, CED-Q has written off 378 loans worth over \$118 million. This represents 23% of all 1,648 loan agreements and over 33% of CED-Q's total loan portfolio value during the past 12 years.



Prosperous jurisdictions around the globe have abandoned the regional subsidies approach. Canada should do the same and wind-up CED-Q and its sister regional development agencies in favour of broad-based business tax reductions. ■

9 reasons to scrap corporate welfare

1) Market decisions should be made by the market, NOT by politicians and bureaucrats.

The function of the private capital market is to direct investment to projects, industries or firms that offer the best and most secure rate of return. Different pools of capital from institutional and non-institutional sources are available depending on the technology involved and levels of risk inherent in each project. To attempt to replace or mimic this judgment through government intervention is fundamentally flawed and unnecessary. The difference between a good investment and a bad investment for a private investor can be the difference between a life of luxury and permanent unemployment; no comparable discipline exists for government bureaucrats or politicians.

2) Corporate Welfare is NOT driven by market imperatives.

Investors who weigh reward against risk propel market driven investments. Politically driven investments are motivated by political imperatives and the number one factor in these decisions is usually a preoccupation with "how many jobs are created" (an inexact science in its own right) regardless of profitability or sustainability.

3) Selecting winners and losers is NOT a task to which government officials are well suited.

The best investment decisions are made in an environment

characterized by a "glut" of experience and in a "vacuum" of politics. Corporate welfare decisions are often made by individuals with no experience in private investing and set in a politically charged environment. Ensuring that taxpayer financed projects meet geographic, industrial, equity and politically saleable criteria can become an end in itself. Governments have an abysmal record of picking winners, but losers have a stellar record of picking governments.

4) Corporate welfare is inherently unfair.

Business subsidies create an uneven playing field. Credit and capital can be diverted from successful firms to less successful, politically connected firms. Worse, firms that do not receive government assistance subsidize their government-supported competitors through their business tax payments.

5) Corporate welfare undermines confidence in our democratic institutions.

While portrayed as benign industrial policy, there is a growing perception that government assistance to industry is little more than reciprocal payola for financial support at election time. A series of funding analyses conducted by the CTF and others uncovering the practices of Industry Canada, ACOA, WED, EDC, CED-Q, HRDC and other federal schemes have only served to reinforce this perception.



Corporate Welfare

In La Belle Province

Cover
story

6) Corporate welfare runs contrary to free enterprise.

Business owners and entrepreneurs can become so enamoured and adept at securing government financing that they lose sight of their core competencies -- those being the creation of wealth and maximization of product/service value. In essence, they become better lobbyists than business people. It turns our entrepreneurs into "grantrepreneurs."

7) Corporate welfare creates a culture of dependency.

Business owners become so reliant on government assistance that they actually build expectations of government assistance into financial plans for various ventures which has the perverse effect of slowing the growth of other non-institutional sources of financing including venture capital funds and the development of a critical mass of angel investors.

8) Corporate welfare leads to higher taxes.

Someone must pay the bill for years of corporate welfare; inevitably it is both individual and business taxpayers.

9) Corporate welfare is not a public good.

Tax dollars are to be directed to purposes and endeavours that offer the largest societal benefit or those areas where society has determined that equity considerations must prevail: public goods or social programs. ■

Comparative Write-Offs

(all dollar values in millions)

Fiscal Year	Industry Canada		ACOA		WED		CED-Q	
	#	Amount	#	Amount	#	Amount	#	Amount
1987-88	2	\$31.8	0	\$0	0	\$0	0	\$0
1988-89	451	51.0	162	22.3	99	13.0	0	0
1989-90	31	5.6	0	0	0	0	0	0
1990-91	59	11.2	42	13.4	12	1.0	0	0
1991-92	44	1.1	55	13.2	26	1.5	23	4.0
1992-93	34	8.6	79	50.1	31	6.1	37	4.4
1993-94	45	5.3	0	0	41	11.9	42	13.7
1994-95	201	23.0	36	0.4	0	0	21	4.4
1995-96	386	34.5	0	0	29	3.8	35	18.2
1996-97	152	31.4	70	6.0	37	5.6	41	36.8
1997-98	189	7.0	252	65.9	0	0	48	11.8
1998-99	61	18.1	126	56.1	0	0	34	6.0
1999-00	170	2.5	248	44.5	99	22.9	58	13.5
2000-01	202	18.7	163	40.1	117	36.1	39	5.4
Totals	2,027	\$249.8	1,233	\$312.1	491	\$102.0	378	\$118.3

Life of Leisure

Subsidies to the leisure industry of Quebec

The following is a breakdown of subsidies handed out by Canada Economic Development for the Regions of Quebec (CED-Q) to the leisure industry of Quebec from 1989-90 to 2000-01. This list includes the name of the company, location, type of subsidy and approved dollar amount and total if the company received more than one subsidy.

Sub = Grants given with no conditions attached **Con** = Grants given with conditions attached **Rem** = Repayable subsidies

Business name – Location – Type of subsidy – Amount			
Auberge A Dos De Cheval Inc, L'anse St-Jean, Con... 200,000	Camp De Peche Pomerleau Inc, Chibougamau, Rem 3,083	Excursions Vacances Appalaches Estrie, Stratford, Con 8,000	Danse, Montreal, Con .. 75,000
Auberge Au Doux Sommeil Inc, Stornoway, Con..... 49,000	Rem 3,083	Con 2,250	Con 246,000
	Total 6,166	Total 10,250	Total 321,000
Auberge De La Dam-En-Terre Inc (L), Alma, Con 12,280	Camp Spatial Canada, Laval, Con 42,815	Expeditions Nordiques D.M.G. Inc, Val D'or, Rem 17,500	Festival Juste Pour Rire/Just For Laughs, Montreal, Con. 25,000
Auberge De La Frontiere Inc, Woburn, Con 26,400	Rem 5,100,000	Expeditions Opawica Inc (Les), Waswanipi, Con 12,000	Con 10,476
	Total 5,142,815	Festi Jazz Rimouski Inc, Rimouski, Con 275,040	Con 10,500
Auberge De La Montagne Coupee Inc, St-Jean-De-Matha, Qu, Con..... 94,500	Camping Des Chutes Fraser, Riviere Malbaie, Con.... 37,500	Festival De Montgolfieres De Gatineau Inc, Gatineau, Con 26,000	Rem 1,505,000
Auberge De La Rive (1971) Inc, Sorel, Con 125,000	Camping Du Parc Du Gros-Cap, Cap-Aux-Meules, Con.. 93,755	Festival De Nouvelle Danse Inc, Montreal, Con 75,000	Con 20,000
Auberge De Nos Aieux Inc, Charlevoix, Con 91,750	Cascade Aventure Inc, Charlebourg, Con 25,000	Festival De Theatre Des Ameriques Inc, Montreal, Con 15,000	Con 2,500,000
Auberge Des Sablons Enr., Saint-Ireneee, Con..... 87,500	Championnat Du Monde Montagne Bromont, Bromont, Con 20,000	Con 75,000	Total 4,070,976
Auberge Du Lac Nomininguie Inc, Lac Nomininguie, Con 123,975	Championnats Du Monde Motonautique 1992, Valleyfield, Con 150,000	Con 50,000	Festival Moliere Charlevoix, La Malbaie, Con..... 150,000
Auberge Du Lac Sacacomie Inc, Saint-Alexis-Des-Monts, Rem 400,000	Cirque Du Soleil, Montreal, Con 4,785,422	Con 95,000	Festival Mondial De Folklore (Drummond), Drummondville, Con 4,850
Auberge H.J.P. Inc, Lac-Megantic, Con..... 80,000	Corp. Des Festivals Montgolfieres, St-Jean-Sur-Richelie, Con 15,000	Con 260,000	Festival Montreal En Lumiere Inc, Montreal, Con 1,000,000
Con 71,130	Con 400,000	Total 495,000	Fete Du Livre Gourmand, Montreal, Con 30,000
Con 2,250	Total 415,000	Festival Des Films Du Monde - Montreal, Montreal, Con 17,500	Fetes Gourmandes De Montreal, Montreal, Con 20,000
Total 153,380	Corp. Monde De Velo De Montagne Bromont, Bromont, Con 13,000	Con 605,000	Francofolies De Montreal Inc (Les), Montreal, Con 40,000
Auberge La Caleche (1992) Inc, Ste-Agathe-Des-Monts, Con 65,000	Corp. Montreal Mirabel Espace 2002, Mirabel, Con..... 65,500	Con 930,000	Con 92,250
Auberge La Charmille Inc, Island Brook, Con 97,600	Dynamo Theatre Inc, Montreal, Rem 21,000	Total 1,552,500	Con 495,000
Auberge La Courtepointe, Petite-Riviere-St-Fr, Con 85,125	Ecole Nationale De Cirque, Montreal, Con 95,680	Festival Du Canard Du Lac Brome Inc, Lac Brome, Con 58,000	Con 965,000
Auberge Motel Beausejour Inc, St-Joseph-De-La-Rive, Con 81,550	Ensemble National Folklore Les Sortileges, Montreal, Con 30,000	Saint-Lambert, Con..... 68,000	Total 1,592,250
Con 50,000	Equipe Motoneige Saguenay Lac-St-Jean, Saint-Felicien, Con 35,250	Saint-Lambert, Con..... 63,000	Grand Prix Automobile Sur Glace Du Canada Inc (Le), Sherbrooke, Con 50,000
Auberge St-Ireneee Les Bains Enr., St-Ireneee, Con 70,950	Evenements Majeurs Arts Visuels Quebec Inc, Alma, Quebec, Con 177,398	Total 189,000	Grand Prix Cycliste Int. Lac-Meg. (Sef), Lac-Megantic, Con 34,213
Auberge Sur Mer Inc, Saint-Simeon, Con 30,900	Evenements Sportifs Bromont Inc, Bromont, Con..... 57,000	Festival International De Jazz De Montreal, Con 30,000	Grand Prix Cycliste Teleglobe (Le), Montreal, Con 250,000
Auberge Watel Inc, Ste-Agathe-Des-Monts, Con 30,000	Con 74,750	Con 75,000	Grand Prix De Valcourt, Valcourt, Con 17,000
Aventure Grande Baleine, Kuujjuarapik, Con..... 24,750	Total 131,750	Con 1,180,000	Grands Ballets Canadiens Les, Montreal, Con 55,000
Con 1,000		Con 1,500,000	Grands Jardins Du Lac-St-Jean Inc (Les), Normandin, Con 47,210
Total 25,750		Total 2,935,000	Con 1,769,300
Byte Boats Inc, Dorval, Rem 98,500	Festival International De Lanaudiere, Joliette, Con 75,000	Total 1,816,510	Total 143,000
	Con 86,175	Con 80,000	Harricana S.A., Montreal, Con 25,000
	Con 320,450	Con 320,450	Con 20,000
	Total 561,625	Total 561,625	Con 98,000
		Festival International De Nouvelle	Total 143,000
			Harricana-Mta Inc, Montreal, Con

Business name – Location – Type of subsidy – Amount

98,000	Con	360,000	Bran, Con	99,000	Tourisme Baie James, Chapais,
Horizon Nature Aventures Inc, Montreal, Rem	Con	40,000	Qimuk Adventure, Inukjuak,	Con	23,500
Montreal, Rem	Con	49,700	Con	4,500	Con
Horizon Travail, Sherbrooke, Con	Total	7,074,500	Raid Des Braves Inc, Lebel-Sur-Quevillon, Con	271,950	Total
30,000	Office Du Toursme Region		Con	55,011	60,623
Hostellerie Les Trois Tilleuls Inc, Saint-Marc-Sur-Richelieu, Rem 350,000	Mont-Tremblant Inc,		Con	38,546	Tourisme Bromont/Chambre
Hotel Central Benoit Ltee Et Jean Benoit, Saint-Michel-Des-Sai, Con	Mont-Tremblant, Con	6,600	Con	75,000	De Commerce Lac Brome,
Hotel Equus Inc, L'avenir, Rem	Parc D Environnement Naturel		Con	33,750	Knowlton, Con
88,650	De Sutton Inc, Sutton, Con	13,500	Con	200,000	54,000
Hotel Matagami Inc, Matagami, Con	Parc Des Legendes Inc (Le), Montreal, Con	20,000	Con	30,083	Tourisme Du Saguenay/Lac-St-Jean, Saint-Felicien,
333,770	Parc Safari, Hemmingford, Con	42,000	Con	39,225	Con
Industries Mke (1984) Inc (Les), Candiac, Con	Pourvoirie Au Pays R Masse & Gestion R Masse, Saint-Zenon, Quebec, Con	98,700	Con	95,388	45,000
258,250	Pourvoirie Clauparo Inc, Saint-David-De-Falar, Con	28,500	Total	838,953	Tourisme Lanaudiere, Rawdon, Con
73,350	Pourvoirie Coin Lavigne Bertrand & Richard Enr, Con	70,000	Rallye Inter. De Camping Caravaning 92, Bromont,	7,213	310,050
331,600	Pourvoirie Du Lac Beauregard Inc, Lac Beauregard, Con	49,150	Con	300,000	Tourisme Matagami, Matagami, Con
Internationale Des Arts De La Rue, Montreal, Con	Pourvoirie Du Lac Croche Inc, La Malbaie, Con	12,500	Total	307,213	48,825
85,800	Pourvoirie Du Lac Holt Inc, Havre St-Pierre, Con	28,400	Rendez-Vous Mondial Du Cerf-Volant, Verdun, Con	75,000	Con
Jardin Botanique De Montreal, Montreal, Con	Pourvoirie Du Lac Laflamme Inc, Saint-Fulgence, Con	7,350	Con	30,000	10,775
4,800,000	Lac Laflamme, Con	80,000	Total	105,000	Total
98,250	Total	87,350	Ressorts Cascades Inc, Notre-Dame-De-L'ile-, Con	40,050	59,600
Marathon De L Ile De Montreal, Montreal, Con	Pourvoirie Du Lac Moreau Inc, Clermont, Con	7,875	Con	60,000	Tourisme Waterloo Des Cantons
35,000	Con	114,575	Total	100,050	De L Est, Waterloo, Con
25,000	Total	122,450	Saguenay 2000, Chicoutimi, Con	138,400	36,750
60,000	Pourvoirie Du Lac St-Pierre Inc, Saint-Ignace-De-Loyola, Con	48,000	Semaine Mondiale De La Marionnette Inc, Jonquiere, Con	30,000	Touristique Hull-Chelsea-La Peche Inc, Hull, Con
16,000	Pourvoirie Du Massif Des Torn-gats (La), Kangiqsua-lujuaq, Con	60,000	32,950	598,500	
50,000	Pourvoirie L Aventure Inc, Lac Brazza, Con	8,000	Ski Dans L Est, Sherbrooke, Con	100,000	Velo Quebec, Montreal, Con
500,000	Monts Valin, Con	11,450	Sommet Mondial De La Nordicite, Sillery, Con	80,250	9,975
6,000,000	Total	19,450	Station De Ski Le Valinouet Inc, Falardeau, Con	10,275	Con
2,000,000	Pourvoirie Lac Degelis Inc, La Baie, Con	41,400	Station Du Mont-Gleason Inc, Warwick, Con	400,000	15,000
3,000,000	Pourvoirie Lac Duhamel Inc, St-Ludger De Milet, Con	24,936	Station Mont-Tremblant, Mont-Tremblant, Quebec, Rem	10,000,000	Total
14,400	Pourvoirie Leo Dufour Inc, Con	63,765	Rem	1,800,000	24,975
27,278	Pourvoirie Roger Fortier Inc, Lac Des-Plages, Con	94,725	Con	4,800,000	Voyage Confort Kanada, Hull, Rem
50,000	Pourvoiteur En Chasse Et Peche St-Damien, Saint-Damien-De-		Rem	17,680,000	8,593
77,278			Rem	14,680,000	Voyages Ashton Tours Inc, Montreal, Con
70,000			Total	48,960,000	62,500
Office Des Congres Et Du Tourisme Du Grand Mtl, Montreal, Con	Torngat Mountains Outfitting Camp Inc, Killiniq Island, Con	5,000	Tour Cycliste Du Saguenay/Lac-Saint-Jean, Alma, Con	100,000	Voyages Pyramid Travel Inc, Montreal, Con
162,500	Con	7,000	Con	10,710	Voyages Sidlamy Voyages Inc, Kuujjuaq, Con
300,000	Total	12,000	Con	18,823	8,145
2,600,000	Tourisme Amiante Inc, Thetford Mines, Con	10,000	Total	94,713	225,000
300,000			Bombardier Inc Div. Sea-Doo/Ski-		233,145
3,300,000					

Business name – Location – Type of subsidy – Amount

Doo, Valcourt, Con.....98,800	Jouets Ritvik Toys Inc (Les), Dorval, Con276,300	Produits Surfbike Inc (Les) Et	Rem603,000
Camp Spatial Canada, Laval, Con42,815	Con1,000,000	Aqua Sport Mbi Inc, Sherbrooke, Rem95,550	Total686,500
Rem5,100,000	Total1,276,300	Rem301,057	Doppelmayr Ski-Lift Co. Ltd., Saint-Jerome, Con686,875
Total5,142,815		Total396,607	
Chaire Bombardier Sea-Doo, Trois-Rivieres, Con144,415	Lamoureux & Fils Inc Et Plastiques Desman Inc, Magog, Con31,250	Relaxe Instruments De Musique Inc, Montreal, Con.....74,668	Encore Materials Technologies Inc, Montreal Est, Con .20,000
Etk Int. Terrestrial Vehicles Inc, Pointe-Claire, Con.....99,000	Con187,500	Snowboards Et Innovations Enr., La Baie, Con26,700	Anjou, Rem1,195,000
Guitron Corporation (The), Verdun, Rem99,600	Con33,300	Top Sports Inc, Montreal, Con28,700	Total1,215,000
Industries Esthete Inc, Chicoutimi, Rem.....32,550	Total252,050	Nat Lacen Sportswear Inc, Montreal, Con18,100	Velo Rack Inc, Jonquiere, Con8,700
Rem3,245		Cycles Devinci Inc, Chicoutimi, Con8,500	Victoria Precision Inc, Montreal, Con135,000
Total35,795		Con75,000	Rem225,000
			Total360,000

Looking Fashionable with Handouts

Government subsidies given to Quebec's fashion industry

The following is a breakdown of subsidies handed out by Canada Economic Development for the Regions of Quebec (CED-Q) to the fashion industry of Quebec from 1989-90 to 2000-01. This list includes the name of the company, location, type of subsidy and approved dollar amount and total if the company received more than one subsidy.

Sub = Grants given with no conditions attached **Con** = Grants given with conditions attached **Rem** = Repayable subsidies

Adorable Lingerie nc., Montreal, Con\$265,000	and, Con\$2,320	Con72,000	Groupe Ness Modes Inc., Montreal, Rem\$61,000
Con90,000	Con1,700	Sub.....40,000	Groupe Vetemens De Montreal, Montreal, Con\$85,127
Total\$355,000	Total\$4,020	Sub.....26,000	Haute Couture Justina Mccaffrey, Montreal,
Angela Bucaro Designs Inc., Saint-Leonard, Con.... \$7,070	Creations Verbois Inc., Riviere-Du-Loup, Rem..... \$2,190	Sub.....30,000	Rem\$25,000
Montreal, Con3,900	Denomme, Vincent, Montreal, Con\$2,320	Sub.....15,000	Hull, Rem65,000
Saint-Leonard, Con..... 4,400	Dogi Tech Inc., Verdun, Rem\$15,000	Sub.....15,000	Total\$90,000
St-Leonard, Con..... 59,500	Do-Gree Fashions Ltd, Montreal, Rem\$40,000	Sub.....15,000	Howick Apparel Ltd, Saint-Laurant, Con\$83,750
St-Leonard, Con..... 49,000	Editions Telemedia Inc. (Les), Montreal, Sub \$39,000	Total\$273,000	Con73,000
Montreal, Rem88,756	Con14,250	Fulgorant Inc., Montreal, Con\$76,000	Total\$156,750
Total\$212,626	Con38,000	Con30,250	Iannelli Merulla Inc., Montreal,
Avalon Hosiery Inc., Montreal, Con\$522,750	Con37,930	Rem372,450	Con\$3,250
Mont-Royal, Con337,200	Sub.....30,000	Total\$478,700	Con5,300
Montreal, Rem337,200	Con40,000	Gildan Activewear Inc., Saint-Laurent, Rem..... \$657,750	Con63,500
Total\$1,197,150	Total\$199,180	Groupe De Designers Du Mont-Royal, Montreal, Con... \$70,000	Con27,100
Avant Garde Cosmetics Inc., Montreal, Rem... \$97,000	Erika Eriksson Design Inc., Outremont, Rem\$67,000	Con52,400	Total\$99,150
Con\$15,600	Rem\$99,000	Total\$122,400	Ideal Knitwear Ltd, Montreal, Rem\$78,400
Con5,600	Fashion Societe Design Inc., Montreal, Rem. \$29,600	Groupe Des 5 Createurs Quebecois Enr. (Le), Montreal, Con \$2,350	II N Y A Que Deux Inc., Montreal, Con\$2,320
Total\$21,200	Con\$97,500	Groupe Expositions (Le), Montreal, Con..... \$98,605	Irving Samuel Canada Inc., Saint-Leonard, Con.... \$2,320
Caboché Pret-A-Porter Inc., Montreal, Con\$5,880	Rem90,000	Con97,200	Con89,500
Con31,500	Rem930,000	Con54,900	Con97,500
Total\$37,380	Total\$1,117,500	Con90,750	Con60,000
Camoplast Inc. (Division Mode), Richmond, Rem\$90,000	Fit Knit Fashion Inc., Montreal, Con\$173,971	Con52,800	Total\$339,320
Canex Fashion Inc., Montreal, Remb\$76,000	Florentine Fashions Ltd, Montreal, Cont.....\$25,000	Con65,000	J.C. Kid S Apparel Inc., Montreal, Rem\$95,500
Creations Francoise Bouthillier Inc, Laval, Con\$2,320	Fondation De La Mode De Montreal, Montreal, Sub.....\$30,000	Total\$459,255	K Ian Art Concept, Montreal, Con\$2,320
Con4,800		Groupe Mode Inc. (Le), Montreal, Rem.....\$64,300	Con26,700
Con15,800			Con6,000
Total\$22,920			
Creations Valzere Inc, Boisbri-			

Business name – Location – Type of subsidy – Amount

Total	\$35,020	(Les), Montreal, Con... \$20,000	Salon Pepsi Jeunesse, Montreal, Con \$55,440	Tricots Courtex Inc. (Les), Nicolet, Con \$60,000
Keyes Jewellers Mfg. Ltd, Montreal, Rem	\$84,000	Nalpac Company Longueuil, Con 100,000	Con 35,150	Tricots Knitters Ltee (Les), Marieville, Con \$92,287
Lasania Sportswear Ltd, Montreal, Rem	\$51,000	Con 99,000	Con 20,000	Tricots Liesse (1983) Inc., St-Laurent, Rem \$300,000
Ville Mont-Royal, Rem \$92,000		Rem 330,000	Total \$110,590	Tricots Main Inc., Montreal, Con \$270,000
Ville Mont-Royal, Rem . 90,500		Con 90,000	Siebrick Hosiery Ltd, Montreal, Con \$501,400	Tricots Peachtree Knitwear
Mont Royal,Rem..... 99,000		Total \$1,619,000	Sock Shop, Montreal, Con \$31,250	Inc., Montreal, Rem \$27,400
Total \$281,500		Pacific Pearl Swimwear Inc., Montreal, Rem..... 75,000	Splend Or Industries Ltd, Montreal, Con \$213,000	Tricots Precious Knit Inc., Montreal, Con \$38,000
Linda Lingerie Inc., Montreal, Rem	\$201,000	Penshu Inc., Saint-Laurent, Con \$26,000	Stenbaek Export Inc., Senneville, Rem \$25,000	Trio Selection Inc., Montreal, Rem \$100,000
Luv-Em Group Inc. (The), Montreal, Rem	\$82,500	Saint-Laurent, Con 36,000	Teinture Et Finition Coraltex Inc, Berthierville, Con \$232,000	Tristan & Iseut Inc. & Chic Neglige Inc, Montreal, Rem \$712,500
Majestic Industries Canada Ltd/ Caramy Knitting Mil, Montreal, Con	\$550,000	Mount Royal, Rem 33,521	Tex Dye Industries (1980) Inc., Montreal, Rem... \$149,400	Utex Corp, Montreal, Con \$37,500
Rem	98,000	Petel, Gull ,Waswanipi Reserve, Rem 5,000	Rem 427,750	Mont-Royal, Rem 327,780
Total \$648,000		Total \$100,521	Total \$577,150	Total \$365,280
Manufacture De Lingerie Chateau Inc., ,Rem	\$163,500	Precious Times Fashions Inc., Montreal, Rem.... 96,000	Textiles Absorb-Plus Inc., Mont-Royal, Rem \$28,750	Vetements D Enfants Allen Inc., Montreal, Rem \$90,000
Marie Saint-Pierre Design Inc., Montreal, Con.....		Publications Telemedia-Hache-tte Inc, Montreal, Sub.... \$30,000	Textiles Con-Trade Inc. (Les), Saint-Laurent, Rem \$84,000	Vetements De Sport R.G.R. Inc. (Les), Saint-Georges, Con \$180,000
Montreal, Con..... \$8,250		Con 20,000	Textiles Janus Inc. (Les), Saint-Laurent, Rem..... \$95,000	Vetements Impermeables R.B. Inc. (Les), Sherbrooke, Con \$50,000
Con	7,000	Total \$50,000	Textiles Monterey Inc., St-Jean-Sur-Richelie, Rem \$500,000	Vetements Rewind Inc., Laval, Rem \$4,100
Con	27,500	Quantex Fabric-Action Inc., Montreal, Con..... \$22,860	Tricot Dinamic Inc., St-Hyacinthe, Con \$40,000	Vetements Va-Yola Ltee, Joliette, Con \$37,996
Rem	192,000	Rem 351,630	Tricot Drummond Inc., Drummondville, Con..... \$102,500	Worldpro (Division Of Shefa Ltd.), Montreal, Rem. \$22,500
Total \$234,750		Total \$374,490	Con 74,813	Zuki Furs Inc., Montreal, Con \$34,250
Miller I. Shirts Inc., Montreal, Con	\$181,000	Quebec Outwear Knitters As-soc, Montreal, Con 25,000	Total \$177,313	
Con	\$181,000	Quebecolor (1990) Inc., Montreal, Con 855,000	Tricot Richelieu Inc., Saint-Louis-De-Pinte, Con..... \$324,825	
Modes Jolibel Inc. (Les), Montreal, Rem	\$52,800	Rallye Footwear Inc., Anjou, Con \$89,400		
Modes Muses Inc. (Les), Montreal, Con	\$23,700	Rem 40,315		
Con	21,400	Total \$129,715		
Con	25,000	S.O.C.I.E.T.-Textes Inc., Laval, Con \$19,590		
Total \$70,100				
Modes Ouragan Fashions				

Miscellaneous Business Subsidies

The following is a breakdown of a few of the business subsidies handed out by Canada Economic Development for the Regions of Quebec (CED-Q) from 1989-90 to 2000-01. This list includes the name of the company, location, type of subsidy and approved dollar amount and total if the company received more than one subsidy.

Sub = Grants given with no conditions attached

Con = Grants given with conditions attached

Rem = Repayable subsidies

Abrafab Inc, Drummondville, Con	\$40,578	Total \$3,046,250	Ville St-Laurent, Con.... 99,000	Entreprises David Lauzon Ltee, Papineauville, Con \$11,250
Con 40,000		Asten Johnson, Montreal, Rem	Ville St-Laurent, Con.... 99,000	Con 1,033,500
Con 30,000		Rem 690,000	Laval, Rem..... 740,000	Con 99,000
Rem 97,500		Rem 450,000	Total \$1,238,750	Total \$1,143,750
Total \$208,078		Total \$1,140,000	Demilec Inc, Boisbriand, Con \$70,800	Entreprise Solstice Ltee, St-Hubert, Con \$30,400
Aliments Carriere Inc, St-Denis Sur Richeli, Con	\$197,050	Canadian Yarns Ltd, Montreal, Rem	Con 63,875	Rem 96,750
Bedford, Con	154,000	Chemical Computing Group Inc Montreal, Rem	Con 71,700	Rem 91,000
St-Michel, Con	19,000	Con \$100,000	Rem 22,250	Rem 247,500
Total \$370,050		Con 20,500	Total \$228,625	Total \$465,650
Aliments Da Vinci Ltee (Les), Montreal Est, Con \$19,050		Remb 127,500	Desmarais & Frere Ltee, Longueuil., Rem..... \$1,000,000	Enviro-Acces Inc, Sherbrooke, Con \$22,000
Rem	2,000,000	Rem 198,560	Rem 300,937	Con 20,000
Rem	1,027,200	Total \$446,560	Rem 350,000	Con 30,000
		Dbm Reflex Enterprises Inc, Ville St-Laurent, Con.... \$300,750	Total \$1,650,937	

Business name – Location – Type of subsidy – Amount

Con	10,000	International Minicut Inc, Montreal Nord, Con	\$99,000	Total	\$2,316,000	Con	25,000
Con	32,000	Siemens Electrique Ltee, Drummondville, Con	\$375,000	Siemens Electrique Ltee, Drummondville, Con	\$375,000	Con	140,000
Con	21,000	Montreal-Nord, Con	303,750	Smith & Nephew Inc, Lachine, Con	\$75,000	Con	53,249
Rem	20,000	Anjou, Rem	98,500	Usinotech Inc, Melbourne, Con	\$88,250	Con	83,727
Con	20,000	Anjou, Rem	250,000	Con	85,000	Con	271,895
Con	50,000	Total	\$751,250	Con	98,000	Total	\$711,371
Con	72,000	Johnson & Johnson Inc, Montreal, Con	\$2,000,000	Con	34,800	Lns Systems Inc, Saint Laurent, Rem	\$100,000
Con	50,000	Novabus Corp., Saint-Francois-Du-La, Rem	\$350,000	Total	\$306,050	Rem	100,000
Rem	8,500	Outils Gladu Inc (Les), Marieville, Con	\$99,007	Vinya Plastique Inc, Jonquiere, Con	\$49,600	Total	\$200,000
Rem	300,000	Con	47,130	Con	2,384	Martin International, Communications U.P. Inc., Montreal, Con	\$98,500
Total	\$655,500	Con	99,000	Rem	20,350	Cont	100,000
Estrie-International 2007 Inc, Sherbrooke, Con	\$150,000	Total	\$245,137	Rem	100,000	Cont	100,000
Con	10,500	Pillsbury/Green Giant of Canada, Sainte-Martine, Con	\$729,750	Sub.....	29,000	Sub.....	29,000
Con	99,000	Con	245,000	Sub.....	49,875	Sub.....	49,875
Con	30,000	Rem	\$247,776	Total	\$257,334	Sub.....	61,425
Con	45,000	Con	92,000	Cdc Moteurs Et Ventilateurs Inc, Drummondville, Rem	\$87,500	Cont	110,000
Con	72,000	Rem	90,000	Venmar Ventilation Inc, Drummondville, Con	\$87,062	Cont	200,000
Total	\$406,500	Total	\$674,776	Con	36,750	Cont	37,375
Fre Composites Inc, St-Andre-Est, Con	\$937,500	Produits De Plastique Age Inc, Montreal, Con	\$391,400	Con	93,600	Sub.....	30,000
Con	89,850	Rem	496,500	Con	50,000	Total	\$1,136,175
Rem	374,987	Con	87,500	Total	\$267,412	Mediatheque Du Design Inc. (La), Montreal, Con	\$250,000
Total	\$1,402,337	Rem	580,000	Ventilateurs Co-Vent Inc, St-Bruno-De-Montarvi, Con	\$108,750	Con	15,000
Fuller Tool (St-John) Ltd, Pointe-Claire, Rem	\$97,500	Total	\$1,555,400	Boucherville, Con	97,500	Con	15,000
Rem	95,000	Produits Forestiers Canbo Inc, Dolbeau-Mistassini, Con	\$65,000	Total	\$206,250	Con	98,812
Total	\$192,500	Con	48,000	Ventilation Maximum Ltee, Riviere-Des-Prairies, Con	\$181,250	Con	18,000
Gilbert-Tech. Inc, Roberval, Con	\$76,905	Total	\$113,000	Montreal, Rem	127,500	Con	98,800
Con	16,800	Produits Forestiers Coulonge Inc, Fort-Coulonge, Con	\$95,000	Total	\$308,750	Con	80,000
Con	150,000	Con	\$9,000	Entreprises Thermo-Duct Inc (Les), St-Honore, Rem	\$3,200	Con	65,000
Rem	250,250	Rem	120,000	Banque De Montreal St-Jacques, Saint-Laurent, Rem	\$1,250,000	Con	65,000
Total	\$493,955	Total	\$201,500	Banque Nationale Du Canada La Gauchetiere, Montreal, Rem	\$2,820,000	Con	100,000
Groupe Saputo Inc (Le), St-Hyacinthe, Con	\$491,100	Produits Forestiers Munger Inc, Alma, Quebec, Con	\$68,574	Royal Bank Of Canada, Montreal, Rem	\$6,250,000	Saint-Laurent, Con	75,000
GSI Environmental, Sherbrooke, Con	\$24,312	Produits Forestiers Outaouais Inc, Maniwaki, Con	\$37,500	Fondation Armand-Frappier, Laval, Sub	\$15,000	Mount Royal, Rem	231,500
Rem	100,000	Produits Forestiers Petit Paris Inc, Saint-Ludger-De-Milo, Con	\$551,200	Sub.....	15,000	Total	\$358,000
Rem	7,000	Produits Forestiers Turpin Inc, Thurso, Con	\$98,200	Sub.....	15,000	Opium Diete Orientale Originale, Montreal, Con	\$60,000
Rem	80,000	Rem	165,000	Sub.....	15,000	Paradox Security Systems Ltd, St-Eustache, Con	\$132,750
Total	\$211,312	Rem	420,000	Total	\$60,000	Rem	139,725
Harris Canada Inc, Dorval, Con	\$707,200	Rem	39,000	Fondation Jacques Gagnon Inc, Charlesbourg, Con	\$27,500	Rem	234,400
Hercules Canada Inc, Varennes, Rem	\$1,000,000	Total	\$722,200	Con	10,000	Total	\$506,875
Industries Ppd Inc - Div. Ppd Thermoplastic, Waterville, Con	\$55,888	Promotion De Produits Forestiers P.P.F., Ste-Foy, Con	\$375,000	Con	50,000	Parc Biomedical Du Chus Inc, Sherbrooke, Con	\$20,000
Con	60,000	Con	441,000	Con	50,000		
Rem	134,925	Con	1,500,000				
Total	\$250,813						
Ingersoll-Rand Canada Inc, Sherbrooke, Rem	\$620,250						
Rem	500,000						
Total	\$1,120,250						

Business name – Location – Type of subsidy – Amount

Fleurimont, Con	300,000	Transaction Pour L Emploi Inc,	Montreal, Rem	\$54,000	Total	\$1,355,000	
Total	\$320,000	Lasalle, Con	97,500	Musique Plus Inc, Montreal,	Con	\$98,670	
Parc Technologique De La Re- gion De Quebec, Sainte-Foy, Con	\$138,700	Con	115,080	Con	75,000	Con	
Reseau Environnement, Montre- al, Con.....	\$40,000	Con	48,000	Impressions La Coccinelle Inc,	Con	75,000	
Con	55,000	Con	48,000	Impressions Multiples M.P.G. Inc,	Con	25,000	
Con	49,000	Con	9,246	Saint-Georges, Con ...	\$39,250	Total	\$273,670
Con	127,000	Con	59,258	Impressions S.T. Inc (Les),Chico- utimi, Con.....	\$10,500	Studio Cine Cite Saint-Hubert Inc, St-Hubert, Rem ...	\$35,500
Con	48,500	Con	115,080	Imprimerie Magog-Orford Inc,	Magog, Quebec, Con.	\$46,650	
Con	36,000	Con	115,000	Con	30,000	Studio Explomedia Inc, Sher- brooke, Rem	\$195,000
Con	497,250	Con	172,174	Total	\$76,650	Studio Morin Heights, Div. Equipe Spectra Inc, Morin Heights,	\$32,485
Total	\$852,750	Con	22,625	Imprimerie Ronalds Div. Bce	Con	Rem	\$90,000
Technoparc Saint-Laurent, Mon- treal, Con	\$1,500,000	Web Graphics (Webco) Canada	Marche International Du Film De La TV Et Video, Montreal,	Studios Fantasia Inc (Les), Windsor, Rem	\$1,660		
Saint-Laurent, Con....	280,000	Inc, Rem.....	\$500,000	Tele-Metropole Inc, Montreal,	Con	\$80,000	
Montreal, Con	20,000	Windeagle Aircraft Corporation,	Publitech, Montreal,	Con	81,450		
Saint-Laurent, Con.....	18,000	Saint-Hubert, Rem ...	1,125,000	Con	70,000		
Saint-Laurent, Con.....	74,400	Total	\$1,625,000	Con	50,000		
St Laurent, Con.....	98,870	World Trade Centre Montreal,	Marche International Du Film De La TV Et Video, Montreal,	Total	\$281,450		
Saint-Laurent, Con.....	98,870	Montreal, Con	\$738,000	Con			
Total	\$2,090,140	Con	8,069	Con			
		Rem	3,308,734	Con			
		Con	94,084	Con			
		Total	\$4,148,887	Con			
		Yesrasien Investments Inc,	Con	Con			
			90,000	Con			

Name – Location – Purpose – Amount loaned

The Cheque's in the Mail

The following is a list of the repayable contributions handed out by Canada Economic Development for the Regions of Quebec (CED-Q) for fiscal year 2000-01. This list includes company name, location, purpose and amount loaned as of March 31, 2001. While we do not know the individual repayment record of each company, we can report that CED-Q loaned \$46.6 million in repayable contributions in fiscal 2000-01 and as of March 31, 2001 only .11% was repaid.

Farming / Mining

Semican International Inc, Plessisville, Other Grain Farming	82,500
9093-5941 Quebec Inc (Jardins Nature), Caplan, Other Vegetable/Melon Farming	400,000
Verger D Emilie (1986) Inc (Le), Rougemont, Non-Citrus Fruit/Treen Nut Farming..	87,793
Atocas Notre-Dame Inc, Ste-Sophie D'halifax, Non-Citrus Fruit/Treen Nut Farming..	52,735
Serres Yargeau Inc, Deauville, Other Food Crops Grown Under Cover	39,375
Harmonium International Inc (9070-7381 Quebec Inc), Mirabel, All Other Misc Crop Farming	184,700
Nutri-Air Inc, Montreal, All Other Misc Crop Farming	23,990
9096-4784 Quebec Inc, Asbestos, Beef Cattle Ranching & Farming	100,000
Genetiporc Inc, Saint-Bernard, Hog & Pig Farming	100,000
9015-2620 Quebec Inc (Gonthier Industry), Later-riere, Logging (Except Contract)	400,000
9008-5747 Quebec Inc, Boucherville, Support Activities For Animal Prod	96,188
Ressources D'arianne Inc (Les), Dolbeau-Mis-	

tassini, Sandstone Mining &

Quarrying	54,211
Trahan International Ltd, Malartic, Other Support Activities For Mining	29,330

Building & Construction

Industries Domespace Inc Et 3586880 Can- ada Inc, Boisbriand, Residential Building Construction	125,000
Modulaire Unigrip Inc, Joliette, Residential Building Construction	108,000
9094-1089 Quebec Inc (Rcm Modular Inc), Saint-Benoit-Labre, Residential Building Construction	100,000
Spec Structure Design Inc, Granby, Oil & Gas Pipelines Const	100,000
Pompc Inc, Victoriaville, Site Preparation Work	76,000
Structures Monocoques Inc, La Prairie, Fram- ing & Rough Carpentry Work	83,000
Solarium De Paris, Terrebonne, Metallic & Other Siding Work	64,075
Oasis-1 Auvents - Awning Retractable Inc, Laval, Other Building Exterior Finishing Work	99,272
Groupe Lignco Inc Et Lignco Technologie Inc, Ste-Marthe-Du-Cap, Building Painting Work	

99,300

Probiotech Inc, St-Eustache, Electrical Work	40,000
Equipements Nokamic Inc (Les), Dol- beau-Mistassini, Building Equipment Installation	100,000

Ateliers D Usinage Mdm Inc (Les), Joliette, Building Equipment Installation	74,500
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Food Manufacturing

Chocolats Martine (Les), Ville-Marie, Food Manufacturing	30,600
9091-2783 Quebec Inc, Lorrainville, Food Manufacturing	87,150
Madelimer Inc, Grande-Entre, Food Manu- facturing	150,000
150147 Canada Inc (Gaspe Cured Enr.), Sillery, Food Manufacturing	25,000
Manufacture Du Dessert Claude Robert Inc, Sept-Iles, Food Manufacturing	41,027
3102-6636 Quebec Inc, Sainte-Foy, Food Manufacturing	700,000
3102-6636 Quebec Inc, Sainte-Foy, Food Manufacturing	8,117
9019 8888 Quebec Inc (Health Nut Crea- tions), Montreal, Food Manufacturing	87,000

Name — Location — Purpose — Amount loaned

Clothing & Textiles

Industries Worldbest (Canada) Inc, Drummondville, Textile Mills.....	10,000,000
Bebe Carotte Inc, Saint-Hedeline, Textile Mills.....	15,000
Entreprises Tex-M.G. Inc (Les), St-Felicien, Textile Mills.....	7,750
Fabrication El Cargo Inc, Ville-Marie, Textile Product Mills	45,800
3458938 Canada Inc (Citation Marketing), Montreal, Clothing Manufacturing	20,000
Diffusion Bel-Gam Inc, Longueuil, Clothing Manufacturing	397,500
Filature De L Isle-Verte (1998) Ltee (La), L'isle-Verte Ouest, Clothing Manufacturing	15,000
Alfred Cloutier Ltee, Saint-Emile, Leather & Allied Product Mfring.....	140,000

Chemical Manufacturing

9102-3648 Quebec Inc (Alumica), Thetford Mines, Chemical Mfring	450,000
9102-3648 Quebec Inc (Alumica), Thetford Mines, Chemical Mfring	100,000
Ressources Allican Inc, Thetford Mines, Chemical Mfring	100,000
Unigraph International Inc, Delson, Chemical Mfring	70,000
Produits Chimiques Sany Inc, Joliette, Chemical Mfring	89,850
Soc. Novartem Inc (La), Jonquiere, Chemical Mfring	100,000
Balcam Industries Inc (Les), Beloeil, Chemical Mfring	97,800
Clotures Benor Inc (Les), Mont-Royal, Chemical Mfring	65,000
Omni Chem Inc, Montreal, Chemical Mfring	100,000
Equipement Paramedical Medex Inc Et Emrn Inc, Le Gardeur, Chemical Mfring ...	120,600
Neokimia Inc, Fleurimont, Chemical Mfring	100,000
Bio-K+ International Inc, Laval, Chemical Mfring	292,500
Laboratoires K.A.B.S Inc, Saint-Hubert, Chemical Mfring	138,648
Entreprises Inox Inc (Les), Terrebonne, Chemical Mfring.....	73,813
Peinture Sylteck Inc, Victoriaville, Chemical Mfring	32,000
Multi-Rubans (M.T.I.) Inc, Drummondville, Chemical Mfring	93,000
3584763 Canada Inc (Vitapure Inc), St-Lau-rent, Chemical Mfring.....	85,000
3496431 Canada Inc, Blainville, Chemical Mfring	20,000
Purecell Technologies Inc, Trois-Rivieres, Chemical Mfring	200,000
Systemes Medicaux Imagem Inc (Les), Chicoutimi, Chemical Mfring	100,000

Enerkem Technologies Inc, Montreal, Chemical Mfring	100,000
IPS Therapeutique Inc, Sherbrooke, Chemical Mfring	76,000

Manufacturing

Entreprises Lionel Lessard Et Fils Inc, Dol-beau-Mistassini, Wood Product Manufacturing	24,413
Spingle, Joseph, St Paul's River, Wood Product Manufacturing	14,939
Fenetres Gaspesiennes Inc (Les), Sainte-Anne-Des-Monts, Wood Product Manufacturing	60,000
Plastique J.D. Inc, Chicoutimi, Wood Product Manufacturing	100,000
Tournant Developpement Feuillus Inc (Le), Dolbeau-Mistassini, Wood Product Manufacturing	58,500
Lorbec Canada Inc, Brossard, Wood Product Manufacturing	81,000
Planchers Des Appalaches Ltee., Cowansville, Wood Product Manufacturing ...	82,500
Freezone Inc, Bolton Centre, Wood Product Manufacturing	52,000
Recy-Clone Inc, Boisbriand, Wood Product Manufacturing	44,000
Champions Consultants Inc, Repentigny, Printing & Related Support Activities.....	77,500
Cogiscan, Bromont, Printing & Related Support Activities	74,000
Introflex (1983) Inc, Saint-Antoine, Plastics & Rubber Products Mfring	126,000
Plastique 2000 Securi-Flots Inc, Jonquiere, Plastics & Rubber Products Mfring ...	43,500
Baultar Composite Inc, Windsor, Plastics & Rubber Products Mfring	97,650
P.V.C. Architectural Inc, Saint-Apollinaire, Plastics & Rubber Products Mfring ...	45,000
Ser-Gab Ltee, Boucherville, Plastics & Rubber Products Mfring	16,100
Saramac Inc, Lachenaie, Non-Metallic Mineral Product Mfring.....	198,000
Abrafab Inc, Drummondville, Non-Metallic Mineral Product Mfring	97,500
Rinox Inc, Terrebonne, Non-Metallic Mineral Product Mfring.....	95,200
Hoptech Inc, Carignan, Non-Metallic Mineral Product Mfring	88,000
Savik Super Chrome Inc, Trois-Rivieres-Ouest , Primary Metal Mfring.....	472,000
Ezeflow Inc, Granby, Primary Metal Mfring	77,850
Soc. Partition Manufacturiers Associes (Pma) Inc, Chicoutimi, Primary Metal Mfring	95,000
Boutique Du Chassis Inc Et Entreprise Enapex Inc, St-Lazare-De-Bellechasse, Primary Metal Mfring	96,000
Forage Long Trou Cmac Inc, Malartic, Machinery Mfring	98,250
Equipements D Art Graphique Nita Inc, Lachenaie, Machinery Mfring.....	98,200
Groupe Sns (Service Nettoyage Sanitaire) Inc, Saint-Joseph-De-Beaute, Machinery Mfring	90,640
Equipement & Outilage De Maintenance Aeronautique, Boisbriand, Machinery Mfring	90,640

Primary Metal Mfring..... 89,000

Silicium Metal Amqui (Sma) Ltee, Amqui, Primary Metal Mfring..... 286,000

Bidule Inc, Saint-Colomban, Fabricated Metal Product Mfring..... 50,500

Toiles Unicanvas Inc, Black Lake, Fabricated Metal Product Mfring..... 86,000

Fenetres Mq Inc, Sainte-Agathe-Des-Monts, Fabricated Metal Product Mfring..... 198,500

Marcoux Creation Inc, Bromont, Fabricated Metal Product Mfring..... 55,850

Ateliers G.F.Fabricants Ekipement Manu-tenition Inc, Cowansville, Fabricated Metal Product Mfring..... 94,000

Industries Remac Inc (Les), Jonquiere, Fabricated Metal Product Mfring..... 154,000

Martin Lemire & Fils Inc, St-Germain-De-Grantham, Fabricated Metal Product Mfring 55,000 |

9081-6588 Quebec Inc, Sept-Iles, Fabricated Metal Product Mfring..... 20,450

Custom Valley Inc, Causapscal, Fabricated Metal Product Mfring..... 13,000

Email Finitech Inc, Metabetchouan, Fabricat-ed Metal Product Mfring..... 72,500

Constructions Proco Inc, St-Nazaire, Fabricat-ed Metal Product Manufacturing 335,625 |

Cerminco Inc, Sherbrooke, Fabricated Metal Product Mfring..... 90,000

Deslamco Inc/Excavation Denis Desmarais Inc, Saint-Liguori, Machinery Mfring 22,000 |

Lavage Mobile Lagace Inc, Dubuisson, Machinery Mfring 77,248 |

Sawquip International Inc, Lavaltrie, Machinery Mfring 166,000 |

Berotech Inc, Amos, Machinery Mfring 98,500 |

Stageline Mobile Stage Inc, L'assomption, Machinery Mfring 345,000 |

Tiges De Jonction Lippert Inc, Rock Forest, Machinery Mfring 100,000 |

S.T.P. Ekipement Inc,Bromptonville, Machinery Mfring 100,000 |

Matiss Inc, Saint-Georges, Machinery Mfring 250,000 |

Tiges De Jonction Lippert Inc, Rock Forest, Machinery Mfring 100,000 |

Equipements D Art Graphique Nita Inc, Lache-naie, Machinery Mfring..... 98,200 |

Groupe Sns (Service Nettoyage Sanitaire) Inc, Saint-Joseph-De-Beaute, Machinery Mfring 96,000 |

Equipement & Outilage De Maintenance Aeronautique, Boisbriand, Machinery Mfring 90,640 |

Instruments Medicaux G. B. Inc, Sherbrooke, Machinery Mfring 90,640 |

Name — Location — Purpose — Amount loaned

Name	Location	Purpose	Amount loaned
Machinery Mfring	87,300		
9066-2909 Quebec Inc, Saint-Joseph-De-Beaute, Machinery Mfring	85,000		
B.H.M. Medical Inc, Magog, Machinery Mfring	62,500		
Sipromac Inc, St-Germain-De-Grantham, Machinery Mfring	55,000		
Automation Machine Design R.C. Inc, Saint-Hubert, Machinery Mfring	50,650		
Briquettes Systeme International B.J.L. Inc, La Dore, Machinery Mfring	32,000		
Denis Cimaf Inc, Roxton Falls, Machinery Mfring	15,050		
Vohl Inc, St-Marc-Des-Carrieres, Machinery Mfring	11,000		
Industries Poulin Et Fils Inc (Les), Saint-Georges, Machinery Mfring	9,000		
Industries Falmec Inc (Les), Alma, Machinery Mfring	5,000		
Annexair Inc, Drummondville, Machinery Mfring	92,500		
Comprod Communications Ltee, Boucherville, Broadcasting & Telecommunication	100,000		
Electronics			
Bbi Fibre Technologies Inc, Rigaud, Transit Transportation	66,000		
Rdc Technologies Inc, Amos, Computer & Electronic Product	90,000		
Novo Technologie Inc, Levis, Computer & Electronic Product	49,250		
Gentec Electro Optique Inc, Quebec, Computer & Electronic Product	199,500		
Optel Technologies Inc, Quebec, Computer & Electronic Product	100,000		
Jyga Concept Inc, Saint-Nicolas, Computer & Electronic Product	100,000		
Set Technologies Inc, Quebec, Computer & Electronic Product	99,750		
Arima Inc, Quebec, Computer & Electronic Product	80,000		
Visuaide Inc, Longueuil, Computer & Electronic Product	262,500		
Pharma Laser, Laval, Computer & Electronic Product	205,000		
Spectrum Target Detection Inc, Hull, Computer & Electronic Product	195,000		
Liber-T Medtech Inc, Quebec, Computer & Electronic Product	146,500		
Coda Technologies Inc, Longueuil, Computer & Electronic Product	99,000		
Extenso Tech Inc, Drummondville, Computer & Electronic Product	82,500		
Microsystemes De Mesure A-Z Inc, Trois-Rivieres, Computer & Electronic Product	75,482		
Graphisme Alpha Vision M.L. Inc, Laval, Computer & Electronic Product	50,675		
Point-Hlp Et Hamelin Laliberte Poirier Et Ass			
Inc, Laval, Computer & Electronic Product	57,500		
Kemika Xxi Inc, Blainville, Computer & Electronic Product	16,550		
Eclairage Cyclone Inc, Saint-Jerome, Electrical Equip. Mfring	149,000		
Energen Industries Ltee, Quebec, Electrical Equip. Mfring	165,000		
Drain-Vac International Inc, Saint-Hyacinthe, Electrical Equip. Mfring	98,622		
Aitech Inc, Sainte-Croix, Electrical Equip. Mfring	30,000		
Advanced Laser & Fusion Technology Inc, Hull, Electrical Equip. Mfring	248,200		
Securite G.M.R. Inc, Terrebonne, Electrical Equip. Mfring	94,450		
Design Energie Logique (Del) Inc, Boisbriand, Electrical Equip. Mfring	45,625		
Transportation			
Ad Boivin Design Inc, Levis, Transportation Equip. Mfring	74,500		
ABS Remorques Inc, Asbestos, Transportation Equip. Mfring	92,500		
Services Vehiculaires Manuf. Supérieurs (Svms) Inc, Longueuil, Transportation Equip. Mfring	65,000		
Chaines De Traction Quebec Ltee (Les), Ville D'anjou, Transportation Equip. Mfring	15,600		
Canadian Aero Technic R.M. Inc, Saint-Georges, Transportation Equip. Mfring	100,000		
9088-1186 Quebec Inc Et Aviation Denis Lambert In, St-Augustin-De-Desmaures, Transportation Equip. Mfring	22,500		
Cie E-Boat Ltee, Longueuil, Transportation Equip. Mfring	100,000		
Ebenisterie J.C. Cordeau Inc, Saint-Thomas D Aquin, Furniture Product Mfring	65,000		
Atelier Ebenisterie Cookshire Inc, Cookshire, Furniture Product Mfring	51,465		
Pan-O-Starr Inc, Saint-Felicien, Furniture Product Mfring	550,000		
Pel International Ltee, St-Felix-De-Valois, Furniture Product Mfring	77,125		
Creations Verbois Inc, Riviere-Du-Loup, Furniture Product Mfring	2,190		
9068-6767 Quebec Inc (Croi), Chicoutimi, Furniture Product Mfring	100,000		
9068-6767 Quebec Inc (Croi), Chicoutimi, Furniture Product Mfring	100,000		
Damotech Inc, Boisbriand, Furniture Product Mfring	174,900		
Soleno Textiles Techniques Inc, Laval, Furniture Product Mfring	12,000,850		
Confection Medicale D.R. Inc, Montreal, Miscellaneous Mfring	100,000		
3229084 Canada Inc, Montreal, Miscellaneous Mfring	35,200		
Cycles Devinci Inc, Chicoutimi, Miscellaneous Mfring	603,000		
2687704 Canada Inc (Newton Strength Systems), Boucherville, Miscellaneous Mfring	199,000		
Passe-Montagne Inc, Val-David, Miscellaneous Mfring	58,165		
Systemes D'energie Et Propulsion Eps Inc, Asbestos, Miscellaneous Mfring	100,000		
Sonertec Inc, Trois-Rivieres-Ouest, Miscellaneous Mfring	63,500		
Mignapro Inc, Montreal, Miscellaneous Mfring	45,800		
Systemes D'energie Et Propulsion Eps Inc, Asbestos, Misc Mfring	12,000		
Distribution			
Siroptier Inc (Le), Saint-Ubalde, Food Distributor	32,000		
Geneka Biotechnology Inc, Montreal, Household Goods Distributor	500,000		
Nacara Cosmetiques, Montreal, Household Goods Distributor	54,800		
Canolio Cosmetiques, St-Laurent, Household Goods Distributor	9,375		
Technologies Globales Icp Inc, Montreal, Building Material Distributor	60,000		
Techno PJP Inc, Saints-Anges, Machinery Equip Distributor	35,000		
Groupe Infotel Inc, Longueuil, Machinery Equip Distributor	99,300		
9089-0005 Quebec Inc, Chicoutimi, Machinery Equip Distributor	57,395		
Innov International Inc, Saint-Hyacinthe, Machinery Equip Distributor	58,018		
Image Entertainment Inc, Montreal, Machinery Equip Distributor	61,750		
Tekno 90 Inc, St-Methode-De-Frontenac, Machinery Equip Distributor	100,000		
Markland Inc, Aylmer, Misc	198,590		
Markland Inc, Aylmer, Misc	22,315		
Services			
IDS Micronet Solutions Inc, Rimouski, Professional Services	85,000		
Isa Automation Inc, Rouyn-Noranda, Professional Services	79,000		
Gestions Shanuk Inc (Les), Duparquet, Professional Services	60,000		
Jean-Luc Corriveau & Associes Inc, Val-D'or, Professional Services	3,893		
Alis Technologies Inc, Montreal, Professional Services	1,260,000		
I.C. Axon Inc, Montreal, Professional Services	1,000,000		
Exploration Electronique Du Monde Musical Inc, Montreal, Professional Serv	350,000		
Netvention Inc, Montreal, Professional Serv			

Name — Location — Purpose — Amount loaned

es	260,000	Pgci Inc, Montreal, Professional Serv...	32,235	Services	15,000
Omni-Med. Com Inc, Cookshire, Professional Services	250,000	Ytria, Montreal, Professional Services ..	29,265	Consortium Maritime Dev. International (Cmdi), Grande-Riviere, Educational Services	295,000
Objectworld Inc, Hull, Professional Services	200,000	Lonas Inc, Saint-Hyacinthe, Professional Services	27,858	Soc. Makivik (Makivik Corp.), Kuujuaq, Educational Services	55,286
Imatex Communications Inc, Montreal, Professional Services	198,875	Merkurium Informatique Inc, Montreal, Professional Services	22,886	Norsoft Technologies Inc, Montreal, Educational Services	21,470
Tenrox Incorporated, Laval, Professional Services	195,000	Netvention Inc, Montreal, Professional Services	21,205		
Produits De Haute Technologie Intrad Inc, Laval, Professional Services	192,000	Ass. Producteurs Multimedia QC & Interactif Canada, Montreal, Professional Services	15,000		
Max Technologie Inc, Greenfield Park, Professional Services	190,000	Centre Option Avenir Inc (Le), Saint-Hyacinthe, Professional Services	13,000		
CML Versatel Inc, Hull, Professional Services	159,057	Technologies 20-20 Inc, Laval, Professional Services	10,000		
Consultants Akitek Inc, Laval, Professional Services	126,600	Gilbert Goulet Cons. Foret Et Scierie Inc, Peribonka, Professional Services	20,400		
Laboratoires Golemlabs Inc, Sherbrooke, Professional Services	100,000	Agro Com Coop. Services Conseils Agroalimentaires, Saint-Jean-Chrysostome, Professional Services	15,000		
MTPC Management Technologies Inc, St-Laurent, Professional Services	100,000	Omnitronix Ltee., Dorval, Professional Services	184,850		
Klik Animation Inc, Montreal, Professional Services	100,000	Consultants Olympe Inc (Les), Chicoutimi, Professional Services	92,500		
Dream Mechanics Inc, Montreal, Professional Services	100,000	Imaqua Inc, +Tang-Du-Nord , Professional Services	600,000		
Contracom Inc, Montreal, Professional Services	100,000	Technologies Bio Aqua Inc, Sherbrooke, Professional Services	150,000		
Groupe 2mb Inc, Montreal, Professional Services	100,000	Hydroserre Mirabel Inc, Saint-Augustin, Professional Services	97,300		
Comptapac Ltee, Granby, Professional Services	100,000	Manufacture Montcalm Inc, Ste Julienne, Professional Services	50,500		
Centre D Imagerie Psa Inc, Saint-Hubert, Professional Services	98,748	3678326 Canada Inc, Ste-Foy, Professional Services	43,328		
Globale Geomatique Inc, Outremont, Professional Services	98,225	9023-1952 Quebec Inc, Brigham, Professional Services	30,000		
Groupe Agi Inc, Quebec, Professional Services	97,680	Pec-Nord Inc, Ste Foy, Professional Services	6,730		
Callisto Media Systems, Hull, Professional Services	97,180	Ferme Raylou Inc, Brebeuf, Professional Services	3,724		
Softmedical Inc, Mont-Royal, Professional Services	94,888	2947 9250 Quebec Inc/Groupe Du Scorpion Montreal, Professional Serv	64,750		
Averna Technologies Inc, Montreal, Professional Services	93,150	J.O. Levesque Limitee, Bedford, Professional Services	992,467		
Hemera Technologies Inc, Hull, Professional Services	85,000	Equipement D Essai Aerospacial C.E.L. Ltee, Longueuil, Professional Services	339,000		
3125726 Canada Inc (Hiq Software), Hull, Professional Services	79,000	Ordiplan Inc, Longueuil, Professional Services	191,375		
Blue Xpertise Inc, Longueuil, Professional Services	78,520	Gesti-Faune, Stoneham, Professional Services	50,000		
Geomax International Inc, Brossard, Professional Services	48,650	Consortium Promecan Inc, Dubuisson, Professional Services	19,411		
Simgraph Inc, Laval, Professional Services	45,625	Groupe Jeskha Ltee, Baie Comeau, Professional Services	13,795		
Omni-Med. Com Inc, Cookshire, Professional Services	40,000	Technov Solutions D Assainissement Inc, Sainte-Claire, Administrative & Support Services	80,100		
Maison Bourgogne Inc (La), Brigham, Professional Services	33,750	Technov Solutions D Assainissement Inc, Sainte-Claire, Waste Management			
3504522 Canada Inc (Lab) Ideeclic, Hull, Professional Services	33,500				

Hotels & Amusement

WMC-Wonderworks Montreal Corporation, La Prairie, Motion Picture & Sound Ind.	46,500
Cite De L Energie Inc (La), Shawinigan, Performing Art Related Industries ...	792,373
Soc. Zoologique De Granby Inc, Granby, Heritage Institutions	98,000
Soc. Zoologique De Granby Inc, Granby, Heritage Institutions	60,000
Ordre Des Conquerants Du Nord (L), La Sarre, Amusement Industry	455,000
Seyla Marine Inc, Brossard, Amusement Industry	78,000
Concept Eco Plein Air Le Baluchon Inc, Saint-Paulin, Accommodation	1,045,000
Auberge Du Lac Sacacomie Inc,Saint-Alexis-Des-Monts, Accommodation	500,000
Landry, Jules (Hotel, Motel, Auberge 4 Saisons Enr.), Lourdes De Blanc Sablon, Accommodation Services	99,750
Hotel Equus Inc, L'avenir, Accommodation Services	88,650
Concept Eco Plein Air Le Baluchon Inc, Saint-Paulin, Accommodation	19,500
Wakefield Mill Developments Inc, Wakefield, Accommodation Services	400,000
3571408 Canada Inc (Meech Lake Renaissance Centre, Ottawa, Accommodation Services	37,300
Hostellerie Les Trois Tilleuls, Saint-Marc-Sur-Richelieu, Personal & Laundry Services	350,000

Organizations

Apdeq, Montreal, Organization	140,000
Enviro-Acces Inc, Sherbrooke, Org ...	300,000
Bio-Terre Systems Inc, Sherbrooke.....	50,000

Municipalities

Soc. Dev. Angus, Montreal, Local, Municipal, Regional Public Adm.....	3,000,000
Ouje-Bougoumou Eenou Companee, Ouje-Bougoumou, Local, Municipal, Regional Public Adm	77,599
Action Pme Beauce Inc, Saint-Georges, Local, Municipal, Regional Public Adm.....	15,000

Close the municipal infrastructure gap with federal gas taxes

At May 16th press conferences across the country, the CTF announced that its petition demanding gas taxes be treated as a user fee for road development with the remainder returned to motorists in the form of lower taxes will continue and be presented to the Finance Minister this fall.

by Victor Vrsnik

In recent months, calls for federal funds to pay for municipal infrastructure projects have begun to capture public attention. Road-rot and watermain breaks are the latest symptoms of the general malaise that has crept into municipal infrastructure works.

But among the reports and commentaries

road and highway improvements. Of the \$4.8 billion collected in federal gasoline taxes last year, Ottawa returned a paltry 2.4% or \$113 million back in provincial transfers for road and highway development, of which 99 percent was spent east of Ontario.

Gasoline taxes in Canada are tantamount to highway robbery.

In the last calendar year, gasoline taxes accounted for an average of 42 percent of the pump price paid by Canadian motorists.

Over-taxation in the form of a 10 cent per litre federal gas tax helps explain the source of Ottawa's multi-billion dollar surplus.

Meanwhile, roads and

This'll give you gas

The good news is Toronto employers plan to go on a hiring spree this summer. In fact, 30% of local firms expect to increase staff during the July to September period. CTV's latest employment outlook survey

Taxpayers federation fuming as pump taxes keep climbing

rent budgets to other prior waterworks initiatives."

bus transit and

■ Hit drivers with a new

calling for new taxing powers for municipalities, federal gasoline taxes should be targeted first.

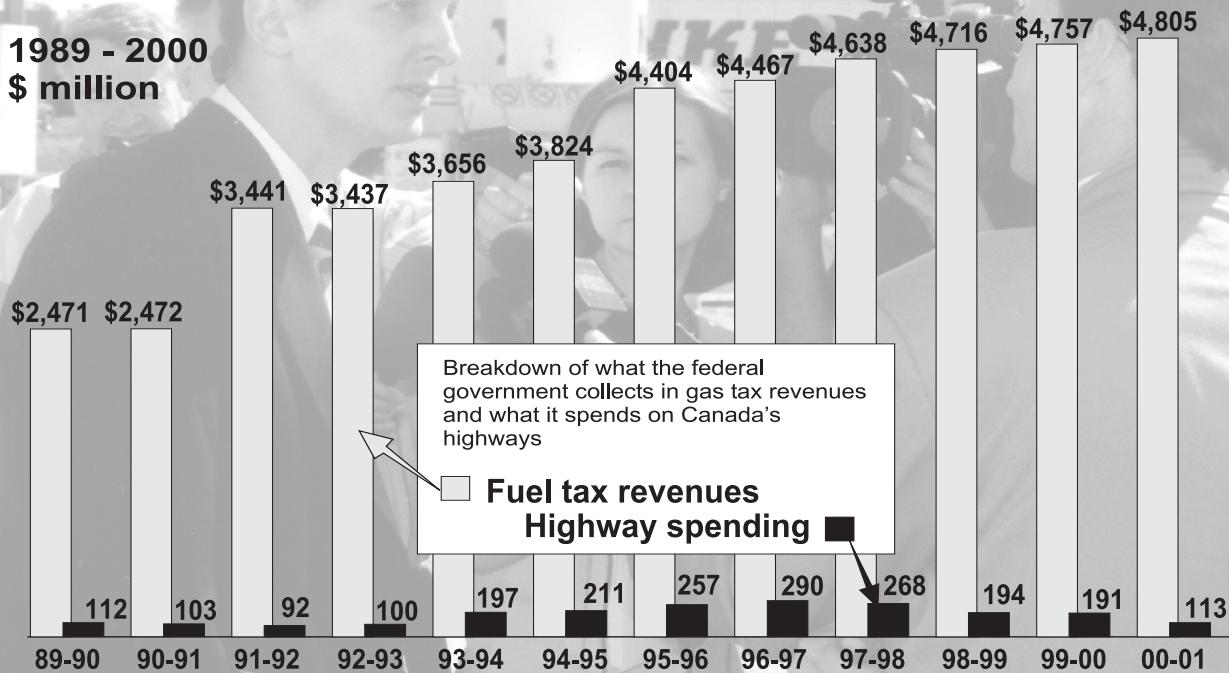
Gasoline taxes are a user fee to be earmarked primarily for roadway and highway renewal. Ottawa is still not clear on the user fee concept.

The vast majority of federal gasoline tax revenues are not channelled back into

The CTF's annual event – Gas Tax Honesty Day (GTHD) – was a stellar success for its fourth year and counting. Simultaneous press conferences held in Victoria, Edmonton, Regina, Winnipeg and Toronto made splashy headlines in papers, on radio and the 6 o'clock news.

Federal Fuel Tax Revenues and Transport Canada Roadway Spending

1989 - 2000
\$ million



highways are getting ripped to shreds by unrepainted wear and tear.

TD Economics and the Association of Consulting Engineers both estimate Canada's roads and highways deficit to be \$17 billion. This deficit should be met using gasoline taxes – a user fee on motorists.

Since January 2002, Canadian municipalities, led by the big city mayors (C5) have asked federal and provincial government for more cash to help fund upgrades to crumbling municipal infrastructure.

Cities, they say, are the primary engines of economic growth.

Without improvements to core infrastructure, they will not realize their full economic potential.

True, but the same can be said for every municipality. Drivable roads are as

important in rural Manitoba as they are in Toronto for the sake of productivity and safety.

To that end, the Canadian Taxpayers Federation launched its 4th annual Gas Tax Honesty Day (GTHD) - a public awareness campaign to cut gas taxes and fix roads.

With the release of a new report called, *Filling the Infrastructure Gap* (www.taxpayer.com/studies/federal/GasTaxReport2002.pdf), the CTF recommends that Ottawa put federal fuel taxes back in the service of municipal roads. Quite simply, use it or lose it.

The federal government should develop a *Municipal Roadway Trust* program that would dedicate \$2.2 billion or 50 percent of federal gasoline tax revenues to municipalities to draw upon for roadway development.

Accountability would be maintained with annual reports from municipalities, verifiable by the federal Auditor General.

The model provides immediate cash for stretched urban regions and provides federal accountability for spending of federal tax dollars.

The federal government should also:

- Reduce gasoline tax rates to levels commensurate with road and highway funding;
- Eliminate the 1.5 cent/litre gasoline tax introduced in 1995 as a deficit fighting measure; and,
- Eliminate GST charged on the tax component of the pump price.

The need for more roadway funding is clear. It is not a question of creating new taxes, but one of fairly distributing the taxes that already exist. The *Municipal Roadway Trust* would make a significant contribution toward meeting the road-renewal needs of municipalities in the 21st century. ■

Gas tax media Comments...

"This report from the CTF underscores our campaign to find new, sustainable sources of revenue for Canada's major cities. The federal government has taken long enough; its time for them to start giving some back."

- Mayor Mel Lastman,
City of Toronto, May 16, 2002

"I join with the Canadian Taxpayers Federation to hit home the message that our travelling public is getting hosed by the taxman."

- Linda Leatherdale, columnist,
Toronto Sun, May 17, 2002

"Having a dedicated tax, or a trust fund such as the one recommended by the CTF, would force governments to put that money where it belongs."

- Editorial,
Winnipeg Sun, May 20, 2002

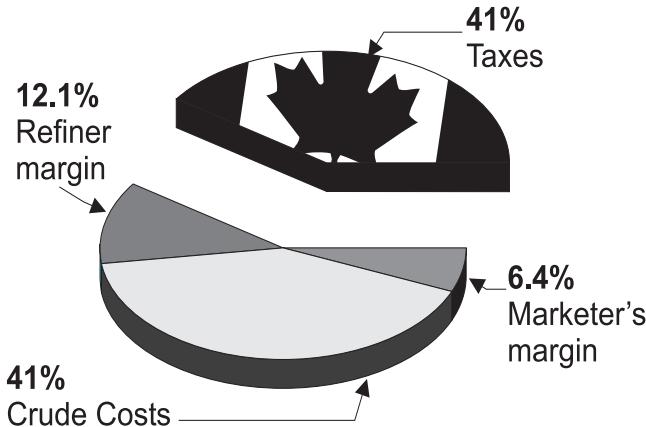
"Each time you step on the accelerator, fresh gasoline tax dollars flow into Ottawa's humongous revenue tank ... The CTF proposes setting up a Municipal Roadway Trust ... the resulting \$2.2-billion would be a good start – similar to the US National Highway Trust – the money is spent on pavement, not pork barrels."

- Brian Lewis, columnist,
Vancouver Province, May 19, 2002

Canadian Average

Gas Breakdown at 68.0 cents/litre

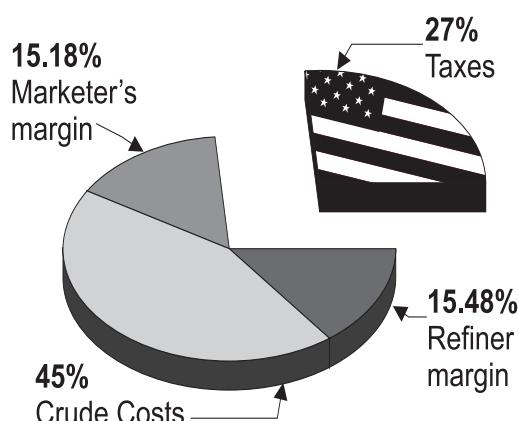
May 2001 to April 2002 Average



USA Average

Gas Breakdown at 59.4 cents/litre

May 2001 to April 2002 Average



by Tanis Fiss
Director of the
CTF's Centre for Aboriginal
Policy Change based in
Victoria, B.C.



Propping-up the *Indian Act*

In June, the federal government introduced two pieces of draft legislation intended to amend the existing *Indian Act*. Your CTF acknowledges the federal government's realization that the *Indian Act* is in desperate need of change. However, the proposed legislation merely props-up the existing Act rather than abolishing the centuries old and oppressive legislation.

The first piece, the *Specific Claims Resolution Act*, is intended to "speed up" the resolution of land claims. A new commission will be established to facilitate negotiations that will have binding authority for land claims up to \$7 million. Currently, Ottawa budgets \$75 million per year to settle land claims. At present there are approximately 430 outstanding land claims, averaging \$5 million each; even with the new commission, it will take almost 30 years and cost nearly \$2 billion to settle existing claims.

The commission will be accountable to both parliament and the auditor general. However, there is nothing in the legislation to protect Canadians from

patronage appointments. This is because the federal government has the sole discretion to nominate the commission's executive staff.

The second piece of draft legislation, the *First Nations Governance Act*, establishes new rules for band elections and financial accountability. The proposed legislation is an improvement; but as long as the *Indian Act* is in place, the federal government

will be attempting to build accountability and better governance on a crumbling foundation. Furthermore, the proposed changes do nothing to amend the lack of genuine property rights for native people living on reserves that the *Indian Act*

exacerbates. Therefore, the wealth of the land cannot be utilized.

If passed, the *Governance Act* will establish leadership selection criteria for native councils that will put the power in the hands of those that require it – the native people. No longer will a chief have an opportunity to manipulate nominations or the eligible voters list. A band employee will no longer be subject to dismissal when a new government is

“The Governance Act will require native governments to provide their audited financial statements to any person who requests a copy.”

formed simply because they may hold an opposing view. However, none of these improvements for native Canadians are worth much because the draft legislation does not require elections be held.

The *Governance Act* will also require native governments to provide their audited financial statements to any person who requests a copy. Assuming “any person” means any Canadian taxpayer, the accountability is significantly better than what taxpayers were provided with before – nothing. That said, this level of accountability is not enough. Native bands still will not be required to report on the progress of federally supported programs. Without annual audited progress reports, taxpayers will not be able to evaluate how well their money is being spent.

To gather public feedback, the federal government has established an Aboriginal Affairs House of Commons committee that will be granted the authority to make substantive amendments to the legislation. The Commons committee will be holding cross-country public hearings this fall and your CTF plans to be there.

The parliamentary session has now closed for the

Did you know....?

Under section 83 of the *Indian Act*, native bands are allowed to collect property taxes – among other taxes, fees and levies – from non-aboriginal leaseholders residing on reserve land. Under aboriginal self-governance non-aboriginals living on reserves have no democratic right to participate in the local political community, even though they may pay property taxes to the local native band.

Section 89 of the *Indian Act* protects native property and assets located on reserves from any process of garnishee, execution or attachment for debts, damages and other obligations, including taxes, however justly due and owing. Meaning if you do work for a native band and the band does not pay for your services, you have no means to garnishee, to lien or receive payment.■

summer. As a result, all bills on the order paper – including the proposed native legislation – cease to exist. The government will have to reintroduce the legislation this fall.

The proposed legislation is a step in the right direction. However, as long as the *Indian Act* remains and native bands continue to receive tax dollars; the legal straitjacket that prevents native Canadians from assuming all the rights and responsibilities allowed other Canadian citizens will remain firmly fastened.■



Call to Action

Now that MPs have returned to their constituencies for the summer, your CTF encourages you to talk to your MP and express your concern over the small and tentative steps the government is taking with the *Indian Act* amendments.

You may also write the House of Commons Committee to further express your concern:

**Raymond Bonin -- Chair
House of Commons Indian Affairs
Committee**
Suite 2 -- 1475 Highway 69 North
Val Caron, Ontario
P3N 1M7

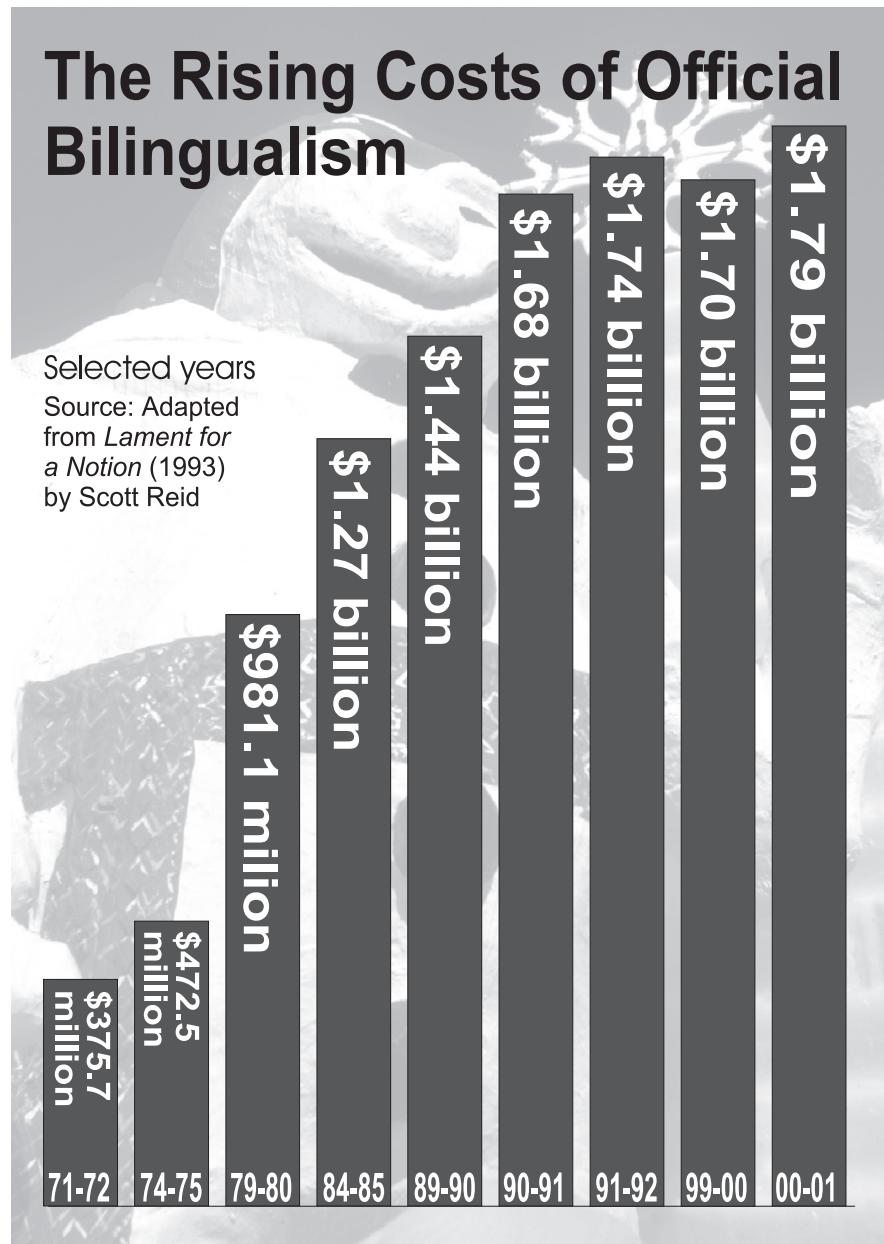
**Official Opposition Indian Affairs Critic
Brian Pallister**
302 Saskatchewan Avenue East
Portage la Prairie, MB R1N 0K8
brianpal@mb.sympatico.ca

Copies of the proposed legislation may be found at www.parl.gc.ca.

You Asked for it...

The Cost of Official Bilingualism

C.E. Dowswell of Wetaskiwin Alberta, writes: "Would you please do a cost study of what bilingualism ... [has] cost taxpayers to date?"



by Bruce Winchester

There are few government policies that can spark as much debate as official bilingualism. A so-called "gift to Canadians" from the late Prime Minister Pierre Trudeau — bilingualism is the gift that keeps on giving.

Beyond the direct costs to taxpayers, bilingualism also adds to the cost of doing business — almost every product sold in Canada must have labels in both English and French.

Without a doubt, providing bilingual services is expensive. Sure it's nice to be able to speak more than one language, but is such a service necessary in every corner of the country?

Calculating the actual cost of bilingualism is a tall order. One of the most comprehensive approaches to this question can be found in Lanark-Carleton MP Scott Reid's book *Lament for a Nation*.

Reid's analysis, as is ours here, looks just at the bill for

federal taxpayers. However, it's worth noting that provincial and even local taxpayers also pay for bilingual services.

The following table adapts material presented in Scott Reid's book (page 247). Using public documents and Access to Information data, Reid has generated a comprehensive estimate of federal spending on bilingualism. Reid's calculations cover the fiscal years 1971 to 1991. In an effort to update these figures, spending on bilingualism as a percentage of total federal spending was used to estimate equivalent figures for the last two fiscal years.

The bottom line is that since bilingualism began federal taxpayers have doled out approximately \$37 billion.

What the Government Claims

Not surprisingly, the federal government provides different numbers – less than a quarter of what Reid found coming in at just under a half billion dollars in 2001 (see chart on this page).

Using federal government figures it is only possible to account for \$450 million of spending on bilingualism. Staff training and translation costs account for \$163 million while the remainder is identified as funds transferred in support of minority language

promotion. This is a far cry from the comprehensive analysis that Reid produced which includes:

- The costs of educating federal public servants;
- The costs of bilingual services provided to the public;
- The costs of providing bilingual media services to the public;
- The costs of regulating the private sector's use of official languages;
- The costs of bilingual education programs; and
- The costs of supporting official languages advocacy groups.

The federal government has a vested interest in showing the lowest possible costs in support of bilingualism. In Ottawa, the debate over bilingualism ended 30 years ago – Payez vos impôts et parlez anglais! Or “Pay your taxes and speak French!” ■

What the Government Claims

	2000	2001
Staff Development	10.1 million	11.3 million
Translation Bureau	140.1 million	152.1 million
Canadian Heritage	282.4 million	274.6 million
Privy Council	11.5 million	12.6 million
Total	\$444.1 million	\$450.5 million

Source: Public Accounts Volume II Part 1, 2000-2001

Send your questions to: Bruce Winchester c/o Canadian Taxpayers Federation
Suite 512 - 130 Albert Street, Ottawa, ON K1P 5G4
Fax: (613) 234-7748 E-mail: brucewin@on.aibn.com

Each month, CTF offices in five provinces and Ottawa handle hundreds of media interviews and inquiries, hold press conferences, publish reports, make presentations to government and issue regular news releases, commentaries and publications to advocate the common interest of taxpayers. CTF representatives also speak at functions and organize major campaigns nationally and in the provinces that lead to public policy change. The following highlights activities for the months of May and June 2002.

MAY

NATIONAL: News conferences across the country mark the CTF's 4th annual Gas Tax Honesty Day which this year featured a national petition and revised report recommending the creation of a Municipal Roadway Trust. [See story page 24]

FEDERAL: In wake of the Prime Minister's dubious 8-point ethics package, the CTF issues a statement calling for an ethics commissioner with the power and scope of the Auditor General and an end to the \$40-million sponsorship program boondoggle.

CAPC: New director Tanis Fiss continues to be the only voice in British Columbia (outside the provincial government) supporting the province's referendum on treaty principles. Interviews are conducted across the country and opinion editorials appear in several newspapers. The mail-in referendum wraps up May 15th.

BC: Musings about subsidies for the Vancouver Canucks receives a sharp public rebuke from the CTF.

Director Mark Milke asks how subsidizing a team with average player salaries of \$1.2-million is a reasonable request of taxpayers.

MANITOBA: The CTF releases a report showing that Winnipeg businesses will pay an additional \$5.3-million in Education Support Levy this year to offset a \$10-million cut for residential property owners. Director Victor Vrsnik notes the province's so-called tax cut is really tax redistribution.

NATIONAL: The federal court of appeal grants a stay of the judgement in the Treaty 8 taxation case until a higher court decides this case. The CTF later issues statements commending the BC and Saskatchewan governments for their decisions to intervene in the case.

SASK: On the eve of a meeting of prairie premiers in Regina, the CTF issues a statement declaring that federal and provincial governments have failed farmers. Rather than lurching from bailout to bailout, politicians can do more to ease costs in their own backyard, especially skyrocketing rural property and school taxes.

ALBERTA: Director John Carpay makes a presentation before the province's Financial Management Commission. The presentation

Quebec funding said politically driven

Assistance programs aimed at 'visibility,' not development

BY ELIZABETH THOMPSON

The federal government is using its regional economic development program to boost its political fortunes in Quebec, says the director of the Canadian Taxpayers Federation.

The principal... ~te...~

Tremblant, which got \$48.9 million over that period. Mr. Robinson questioned why the government would fund the development when it seemed to have no problem finding private backers. He also questioned other grants to tourism and recreation companies.

"Over \$19 million, again mostly in the form of non-repayable contributions, was disbursed to golf courses,"

opinion editorials appear in several newspapers. The mail-in referendum wraps up May 15th.

focuses on amending three pieces of legislation – including the province's Taxpayer Protection Act – to control spending and better protect taxpayers.

BC: A CTF analysis reveals major BC labour unions received \$10-million from provincial taxpayers alone between 1992 and 2001. The province's new Community Charter alarms the CTF in that it provides new taxing authority for municipalities but denies citizens the right of local referendum.

JUNE

FEDERAL: Federal director Walter Robinson is called a second time to appear before the Kirby Senate Committee reviewing health care.

FEDERAL: The CTF releases its fifth major report on federal corporate welfare this time detailing \$1.8-billion doled out through CED-Quebec for the period 1989-2000. [See full story page 11].

CAPC: The CTF responds to two of three expected pieces of Indian legislation introduced in the House of Commons. [See story page 28]

BC/FEDERAL: The CTF questions whether the cost for taxpayers, if B.C.'s winter Olympic bid (2010) is successful, will remain at \$620 million.

ONTARIO: The CTF reacts unfavourably to a budget that increases spending and taxes along with little commitment to debt reduction.

Worse, the budget will force – yet unseen – amendments to the province's *Taxpayer Protection Act*.

NATIONAL: CTF directors across the country react to Tax Freedom Day arriving June 28th – a two-day set back from last year! Taxes in 2002 will consume 48.6% of the average Canadian household's income. [See story page 34]

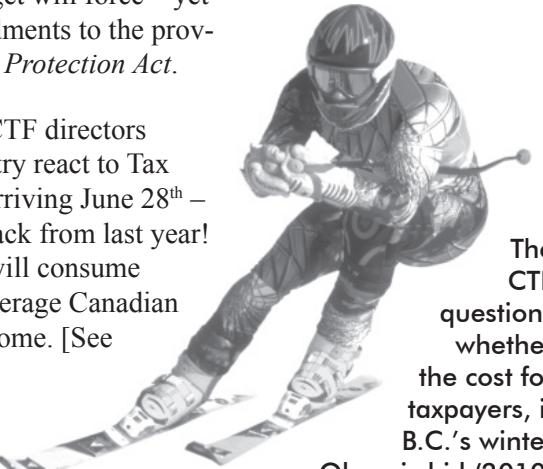
ALBERTA: A statement released in response to the year-end financials show a 58% increase in spending over the last five years! Director John Carpay states simply that dramatic spending hikes are the cause of Alberta's tax increases.

MANITOBA: The CTF commends Manitoba's NDP government for taking the initiative in calling for a reduction in inter-provincial business subsidies at the internal trade ministers meeting in Vancouver.

Activity Report May and June 2002

Office	Media Interviews	Events/ Speeches/ Letters/Releases/ Reports/Meetings/Etc.
Ottawa	170	35
BC	77	22
Manitoba	65	23
Ontario*	59	9
Alberta	51	42
Sask	43	18
CAPC**	36	4
Total	501	153

* Note: The CTF Federal Director also serves as Ontario Director devoting 15% of his time to Ontario issues. **CAPC stands for the CTF's new Centre for Aboriginal Policy Change established in March 2002.



The CTF questions whether the cost for taxpayers, if B.C.'s winter Olympic bid (2010) is successful, will remain at \$620 million.

Free at Last

Tax Freedom Day (TFD) fell on June 28th this year. Calculated by the Vancouver-based Fraser Institute, TFD is the day you stop working for government and start working for yourself. Prior to June 28th the equivalent of all your income went to pay taxes to the three levels of government.

This year's TFD falls two days later than just one year ago. Gains made in the historic 2000 federal budget and in many provinces are now retreating thanks in no small part to CPP tax hikes. Moreover, the new flying tax, higher 'sin' taxes and other measures which masquerade as public policy that 'is good for us' demonstrate that governments continue to find new and creative ways to fund their spending

Tax Freedom Days 2002

NF*	May 31
PEI*	June 5
NB*	June 8
NS*	June 17
AB	June 21
SK	June 22
MB	June 26
ON	June 27
Canada	June 28
BC	June 29
QC	July 3

*Atlantic provinces experience TFD earlier due to the larger federal transfers as a portion of their revenues.

habits.

Canadians worked 178 days to feed the big tax collection monster. A very hungry monster chewing up a whopping 48.6% of our average household income.

Broken down between the three levels of government it looks like this: From January 1st until April 12th, we worked for Ottawa (57%). After a good night's rest we then worked for the province from April 13th until June 15th (36%). Finally, we toiled from June 16th until June 28th for City Hall (7%).

Rest assured your CTF remains vigilant in demanding governments control their wasteful spending habits and reform core programs: the number one and two ingredients in ever rising taxes!■

Taxes of the Average Family 2002 (with two or more individuals)

Cash Income	Income tax	Sales tax	Sin & other excise taxes	Fuel, & vehicle license taxes	Social security, pension & medical taxes	Property taxes	Import duties	Profits tax	Natural resource levies	Other taxes	Total tax bill
70,868	11,673	5,614	2,306	930	7,233	2,563	282	2,717	369	786	34,473

Average Family Tax Bill

	Federal government	Provincial government	Municipal government	Total tax bill
Dollar amount	\$19,490	\$12,253	\$2,361	\$34,104
Percentage of total tax bill	57%	36%	7%	100%
Days required to pay tax bill	102 days	64 days	12 days	178 days

For the Record

“Governments do need tax dollars to provide critical services that Canadians want. But we don’t think they need as much as they are taking. In fact, if governments would do a better job of focusing on a few critical things ... they could get by on a good deal less”

Vancouver Sun
Lead editorial
June 28, 2002

CPP hikes offset tax cuts

“I find it too depressing to contemplate I worked the first 130 days of this year just to keep the welfare state afloat. I prefer to view it as working the first half of each day for the government, and the second half for myself and my family”

Jonathan Chevreau
Columnist, National Post
June 25, 2002

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by Walter Robinson

Canada has the best health care system in the world, our politicians – mostly Liberal ones – tell us over and over again. In the past few months, your CTF has devoted several articles in this magazine along with a nationally acclaimed 140-page research and position paper to exploring the biggest social policy challenge of the decade. And in this undertaking, it has been categorically proven that we do not have the best health care system in the world.

Over two years ago we introduced you to Dr. David Gratzer through his fabulous book entitled *Code Blue* that challenged Canada's Soviet-style healthcare

orthodoxy. Well-written and well-researched, it rocked the foundations of our tired and stuffy medicare establishment en route to winning the 2000 Donner Prize as the best public policy book in Canada.

And now as we await the final reports of the Kirby Senate Committee (in October) and the Romanow Commission (in November), Dr. Gratzer has released a follow-up book entitled *Better Medicine*.

This volume, a collection of 13 essays written by prominent Canadian thinkers, builds upon his earlier work of opening minds, challenging assumptions and de-

Book Review

Better Medicine



Reforming Canadian Health Care

Edited by
Dr. David Gratzer

bunking many of medicare's myths.

Dr. Gratzer, who now practices psychiatry at the prestigious Clarke Institute in Toronto, once again displays wisdom beyond his years (he's still under 30). His latest work examines health care from a variety of perspectives including those of doctors, nurses, researchers, patients, and academics.

While each chapter is well worth the read, several stand out.

Respected *Globe and Mail* columnist Margaret Wente has penned an essay looking at the failings of our present system through the eyes of 16 different health system stakeholders. Another chapter features an

interview with Dr. William Orovian, former president of the Ontario Medical Association, which points to the divisiveness of the debate and oft misunderstood role that Canada's doctors are attempting to play to improve the health care system.

Occasional *National Post* columnist Neil Seeman offers up a damning overview of Canada's lack of technology in treating illness and disease and points out that thousands of Canadians die needlessly each year. The irony is that some of these technologies -- used elsewhere but not in Canada -- were developed by Canadian

“Population demographer David Baxter offers up a detailed analysis of Canada's population trends over the past 50 years and clearly brings the challenges of an aging population into focus ... if only our health care politicians would listen.”

companies with generous tax subsidies.

Population demographer David Baxter offers up a detailed analysis of Canada's population trends over the past 50 years and clearly brings the challenges of an aging population into focus ... if only our politicians would listen! And finally, David Gratzer contributes two chapters looking at exciting international developments and further fleshes out his arguments for medical savings accounts.

Better Medicine is a must read for anyone wishing to understand some of the real structural and economic issues inherent in health reform. It is full of facts and workable solutions along with some great quotes and questions that really encapsulate our health care debate.

Gratzer opens the book by noting "the majority opinion maintains that our approach to health care is superior to any other in the Western world. If that's the case, why the lack of flattery? In all my research, I have never encountered a country presently contemplating a ban on private insurance, the scrapping of user fees, or the termination of extra billing. The *Canada Health Act*, portrayed as a model of efficiency and equity, isn't used as a template for legislative reform in any other Western nation."

Valid questions indeed. Questions that are eloquently answered in **Better Medicine**. If you read one public policy book this summer, this one should be it. But be sure to buy two copies, one for you and one to send to your MP.■

Buy the Book



Better Medicine
by Dr. David Gratzer
\$19.95 ea

Code Blue
by Dr. David Gratzer
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Total cost of order.....

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Name: _____

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BC's electricity industry is at a crossroads:

The straight facts about market reform

by Fauzia Lalani, CEO

Fauzia Lalani is CEO of UtiliCorp Networks Canada, an electricity company with more than 500,000 customers and 1,100 employees in British Columbia and Alberta. *Reprinted with permission.*

While the North American economy and the continental energy market continue to evolve and experience significant change, the industry in British Columbia simply has not kept pace. Little has changed since the 1960s when W.A.C. Bennett created BC Hydro from an amalgam of smaller public and private companies. The industry cannot continue to rely on a policy, structure and infrastructure that were developed decades ago as the consequences of standing still are dire.

To date, those who buck change have fuelled the debate with speculation, and fears of unmanageable rate increases, economic impacts and job losses, myths that must be challenged if the debate is to be rational. Here are a few prominent myths and some irrefutable facts that opponents have ignored.

Myth: BC is an electricity-rich province.

Fact: Long admired for its abundant hydroelectric assets, BC is now a net importer of electricity. According to BC Hydro's own Integrated Electric-

ity Plan, the province's demand for electricity will exceed the supply provided by existing generation facilities in five years. **This means that during cold snaps, like the one experienced in December 2000, we will have to purchase power from the high-priced US spot market.** The province urgently needs to get new power plants off the drawing board and under construction, or we could lose our electricity independence.

Myth: "Hands off BC Hydro!" In other words, more taxpayer-funded debt is okay.

Fact: The BC Liberals have stated that they will maintain important "core assets" such as dams and reservoirs under public ownership. That said, there is absolutely no reason why the private sector shouldn't deliver non-core services with no risk to the taxpayer.

Opponents suggest the government itself should invest more. This is neither reasonable nor prudent. The province is running a multi-billion dollar deficit, and the cost of servicing BC Hydro's \$7 billion debt load has "maxed out" the utility's credit card. It is useful to understand that at 70+ percent, BC Hydro's capital structure carries much less equity than a major natural gas or electric utility in BC, Alberta or Sas-

BRITISH COLUMBIA

katchewan. Its debt servicing costs (annual interest payments) are more than 23 percent of the \$2.5 billion collected from electricity customers in BC. In other words, future investments by the Crown would mean that BC taxpayers are on the hook for even more debt, and electricity ratepayers would face escalating debt-servicing costs.

Myth: BC Hydro is “profitable” and should not be unbundled or restructured.

Fact: Most of BC Hydro’s “profits” (government dividends) over the past three years have come from windfall electricity exports to the United States. But without new generation coming on stream in the near future, the province won’t have power to export.

Further, with new US energy regulations, the only way to ensure continuous access to the lucrative US market is to “unbundle” BC Hydro’s generation, transmission and distribution assets, and establish an Independent System Operator (ISO) for transmission. This allows BC to keep its access to the US market and spur independent power producers to invest in new generating projects.

Myth: Market reform will lead to huge price increases.

Fact: This is simply not the case if properly implemented. Opponents immediately point to California as “the” example of the implications of reform. California has, at great cost to itself, provided the world with a free demonstration of how to get it all wrong. There are many examples of effective, well-planned successes around the world. In England, market reform unfolded smoothly and electricity prices fell by 30 percent in real terms through the 1990s. In Australia, the story is no less compelling: real declines of 24 percent since 1991. The past five years has seen an 8.3 percent decline in Rhode Island, 7.3 percent decline in Massachusetts and a 17.7 percent decline in Pennsylvania.

Myth: Market reform will lead to huge job losses.

Fact: This simply isn’t the case where reform has taken hold. In Pennsylvania, a recent study shows reform will generate 36,000 new jobs in the state by 2004. Texas opened its market and 39 new power plants were built. In Alberta, prices are stabilizing and 31 new power projects with a value of \$6 billion are underway or ready to go in the next two years.

With the right policies, the Independent Power Association of BC states that its members could invest \$1 billion in new generation projects over the next three to five years.

Myth: BC will lose its low-cost advantage if market reform takes place.

Fact: Price is the number one concern for consumers. The BC Energy Policy Task Force and the provincial government appear to have taken that concern into account. No one wants to see the provincial economy lose yet another competitive advantage.

Quebec has faced the same challenge and successfully restructured Hydro Quebec while ensuring consumer access to low-cost electricity in perpetuity.

The point here is that if Quebec, a jurisdiction that enjoys even lower prices than BC, sees the wisdom in inducing

private sector participation in the market and has provided open transmission access. British Columbians should be wise enough to come up with similar solutions. ■

To conclude, with the right package of market reform principles, the private sector can make critical investments, create jobs, and help BC’s electricity industry achieve its potential, while at the same time shifting risk away from taxpayers. Ultimately, consumers will enjoy a stable electricity supply at reasonable rates from industry players who are committed to this province. Electricity has been — and should continue to be — a major building block in the BC economy. ■

Alberta's Fiscal Responsibility Act

by John Carpay

It's no accident that Alberta has a booming economy and the lowest tax burden in Canada. Legislation to limit the discretion of politicians has played a large role in creating Alberta's fiscal success. First the *Deficit Elimination Act*, then the *Balanced Budget and Debt Retirement Act*, and now the *Fiscal Responsibility Act* have forced politicians to balance budgets and repay debt. Legislation has empowered MLAs and Ministers to say "no" to ever-present and never-satisfied special interest groups which lobby persistently to obtain taxpayers' money. The *Fiscal Responsibility Act* (FRA) makes deficits illegal, and legislates a timetable for total debt repayment by 2025. Whenever oil and gas revenues rise above what was first estimated in the annual budget, this *Act* requires at least three quarters of that unexpected increase to go towards debt repayment.

Thanks to fiscal legislation, Alberta's debt has decreased from \$22.7 billion in 1994 to \$5.3 billion today. On average, Canadians lose 12% of their provincial tax dollars to debt servicing costs, but Albertans lose only 4%.

Unsolved problems

Although the *Fiscal Responsibility Act* provides Alberta with a solid foundation, it has not:

- Stopped \$722 million in tax increases (March 2002).
- Forced proposed tax increases to be put to a province-wide referendum for taxpayer approval.
- Prevented Alberta

from spending more, per person, on government programs than any province in Canada.

- Prevented a 45% increase in government program spending in six years (when Alberta's population grew 12% and inflation was 13% during the same period).
- Protected Alberta taxpayers from the ills of "roller coaster" budgeting.
- Caused Albertans' clearly expressed preferences for tax cuts over spending increases to be implemented. In the surveys "Talk it up, Talk it out" survey (1998) and "It's Your Money" (2000), Albertans ranked tax cuts as a far higher priority than spending increases.

Improving the *Fiscal Responsibility Act*

In "Protecting Alberta Taxpayers" the CTF presented the Financial Management Commission with proposals to improve the *FRA* and other legislation:

- Limit the growth in government spending to the rate of inflation plus population growth. This kind of legislation has protected taxpayers in the state of Washington since 1995, and saved them billions of dollars.
- Put half of Alberta's oil and gas royalties into the Heritage Fund, to build it up so it becomes a source of revenue to replace what the government takes from Albertans in personal income tax.



**What Alberta
taxpayers need is
legislation with
teeth!**

- Penalize ministers who exceed their budget by deducting a portion of their salary, as B.C. does with its *Balanced Budget and Ministerial Accountability Act*.
- Amend the *Alberta Taxpayer Protection Act* to require a referendum on all proposed tax increases. The onus should be on politicians to justify a tax increase. Taxpayers should not have to justify why they are entitled to keep more of their own hard-earned money.
- Amend the *Municipal Government Act* to require the consent of taxpayers in a referendum for any municipal tax increases.
- Subject every government ministry, program, and project to the following questions: is it really necessary for government to perform this task? Is it impossible for individuals,

families, charities, faith-based groups, other voluntary associations, and the private sector to accomplish the goal?

- Subject government programs to a “sunset” law, by which the program automatically expires after five years. As the program approaches its legislated expiry, MLAs should measure the program’s results, and then vote to renew, alter, replace or discontinue the program.■

Economics 100: High spending causes tax increases

Released at the end of June, the Annual Report for the 2001-02 fiscal year shows the Alberta government spent a record \$20.174 billion on government programs – more than \$6,500 for every man, woman and child in the province! Over the previous year, spending was up 21% (education), 15% (health) and 9% (social services). It’s no wonder that Premier Klein broke his pre-election promise (“The only way taxes are going is down”) and imposed \$722 million in tax increases on us this past March.■

Referendums for Albertans?



“What I favour becomes policy.”

Premier Ralph Klein, June 19, 2002

Voters in Switzerland, Italy, 23 U.S. states, and BC have the right to initiate and vote in referendums on important issues. In contrast, Albertans only have a direct say for one fleeting moment, once every four years at the ballot box. Then politicians get another blank cheque to do what they want for the next five years. In 1994, 1996, 1998 and 2001, Ralph Klein’s government did not support legislation that would have given Albertans the right to initiate referendums. Yet, an Environics poll shows 79% of Albertans want this legislation, with only 15% opposed and 6% undecided. When will Premier Klein start to favour what 79% of Albertans want? Albertans need to continue telling their MLAs, and their Premier, that this issue is not going away unless and until taxpayers get the accountability they deserve.■

A Costly Tax Rebate Scheme

by Richard Truscott

The CTF recently released documents obtained through *Freedom of Information* that reveal the government's administration costs for the Farmland Property Tax Rebate Program ended up costing taxpayers 23% more than originally budgeted.

Information from the Department of Agriculture shows the administration of the Farmland Property Tax Rebate Program was originally budgeted to be just under \$1.3 million over two years, but ended up costing \$1.6 million.

Compared to departmental budgets worth tens or hundreds of millions, a couple of million may not seem like a lot, but consider that \$1.6 million could have provided 1,000 farmers with \$1,600 in property tax relief.

Instead of monkeying around with a costly rebate scheme, the Saskatchewan government simply needs to increase funding for schools and municipalities and ensure

Administration costs for the Farmland Property Tax Rebate Program ended up costing taxpayers 23% more than originally budgeted.

most of the savings flow through to taxpayers in the form of lighter property tax bills.

But the Saskatchewan government has been too busy deflecting attention away from its own shell game of off-loading onto local governments and school boards and forcing up rural property taxes.

The government has allowed a bumper crop of school taxes to grow right under farmers' noses, despite the fact many farmers are struggling to generate income. According to other information recently obtained by the CTF from the Department of Municipal Affairs, there was a huge increase in property tax revenues over the past four years right across the province. In 2001 alone:

- total property taxes (municipal tax and school tax) for rural municipalities rose 9.5%;
- total property taxes (municipal tax and school tax) on agricultural land grew by 10.3%; and
- school taxes on agricultural land jumped by 15% (or by more than \$20 million).

Over the past two years, your CTF has presented two petitions with a total of 22,500 taxpayers' names to Premier Calvert, demanding a meaningful decrease in school taxes. ■

U.S. Farm Bill Just Tip of Iceberg

By now you've heard about the new U.S. farm bill that threatens to drive down world grain prices and cost Canadian farmers dearly. Legislators in the U.S. are quickly passing the new farm law before the 2002 Congressional elections. The new 10-year law will abandon the reforms of the 1996 Freedom to Farm Act (the goal of which was to phase out counterproductive crop subsidies) and instead escalate U.S. farm subsidies to new heights.

The initial cost projection for the new legislation was \$171 billion, which would cost the average American family \$4,400 in taxes over the next decade. However, the Congressional Budget Office (CBO) recently admitted that it had underestimated the cost of the farm bill by \$6 billion.

Even worse, according to a recent study by the Heritage Foundation, a Washington-based think tank, taxpayers in that country (and farmers here) may be facing even bigger food subsidies than that. Researchers at the Foundation found that the CBO accounting error, coupled with gimmicks legislators have designed to camouflage their spending, means the true cost may be two or three times the original estimate - between \$271 and \$381 billion!

And who said the Americans are free traders? There's nothing free about \$381 billion in U.S. domestic farm subsidies over the next decade. ■

SASKATCHEWAN

A Capital Problem in the Province's Capital

by Adrienne Batra,
CTF researcher

Much to the chagrin of its residents, for most of its recent history Saskatchewan has been considered a “have not” province. Although there have been a number of explanations put forth by political pundits for why this is the case, one key reason is Saskatchewan does not have the proverbial “open for business” sign posted at its borders.

A recent study conducted by the Fraser Institute has reaffirmed what the CTF has been saying for many years –capital taxes for businesses need to be cut. The study’s co-author Jason Clemens stated that “corporate taxes pose a serious problem for Saskatchewan. Businesses face capital taxes whether they generate a profit or not.” Even the Bank of Montreal has made note of this growing problem: “once Saskatchewan gets its fiscal house back in order, it must give priority to making its corporate tax regime more competitive.”

By reducing the corporate capital tax rate, Saskatchewan would be in a better position for:

- attracting businesses from other provinces, adding opportunities for growth and assisting in the creation of a critical mass of capital;
- having more competitive industries that would enhance exports thus creating higher levels of taxable revenue for government; and

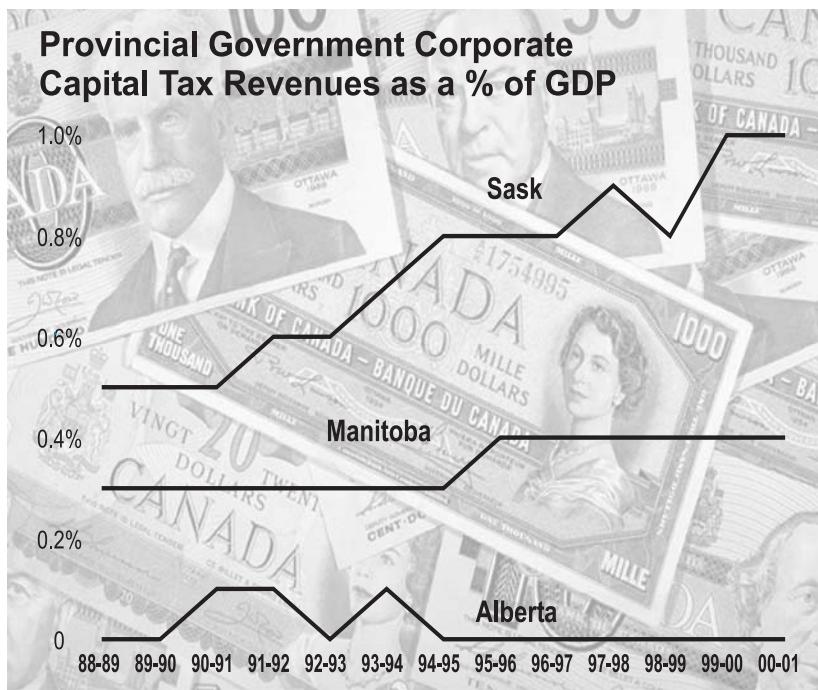
- allowing business to flourish and create new jobs, causing Saskatchewan’s population to grow.

The chart below identifies Saskatchewan’s increased reliance on corporate capital taxes relative to other provinces. Inversely related to this trend has been the stagnant levels of job growth and corporate profitability of Saskatchewan’s economy.

According to Clemens “capital taxes have been referred to as one of the most damaging taxes in the Canadian system.” The province depends heavily on this tax as it was 4.6% of total revenue in 2000/01. It would be unfair to attribute all of Saskatchewan’s economic woes to tax policies, however high capital taxes have no doubt led to lower business investment in this province. The current government would be serving the province well to consider a significant reduction in capital taxes as Saskatchewan battles to increase its population and expand its tax base.■

Canadian Venture Capital Investment Activity by Investee Location*		
Province	2000** Investments	
	#	%
B.C.	122	11
Alberta	43	4
Sask	5	1
Manitoba	21	2
Ontario	352	33
Québec	431	40
Atlantic Canada	26	2
Foreign Countries	81	7
Total	1 081	100%

* Prepared for Réseau Capital by Macdonald & Associates Limited
** Latest figures available



Manitoba Business

Hit with \$3 Million Tax Hike

by *Victor Vrsnik*

The Canadian Taxpayers Federation held a press conference on May 3rd to show that the average Manitoba business will pay more Education Support Levy (ESL) taxes in 2002 and will subsidize the province's ESL cut for residential property owners.

The ESL is one of two school taxes charged against your property to fund public education. In the 2002 budget, the Province announced a \$10 million cut to the ESL for residential property but hiked the tax on commercial.

The CTF calculates that, disregarding new business growth and development, the province will squeeze over \$3 million or 3% more in ESL taxes from higher assessed Manitoba businesses in 2002.

That means that a business owner will pay at least \$6 more for every \$1000 of new value

added to their portioned property assessment. A higher property assessment is generally good news for a business but it does not necessarily reflect higher profit earnings.

CTF figures forced the Manitoba government to produce its own numbers and concede that the commercial ESL will rise by \$3.8 million. This was the first public admission by the government that ESL taxes are on the rise for Manitoba businesses.

The setting of the residential and commercial Education Support Levies is a political decision. The province could have chosen to make the ESL revenue neutral but chose to hike taxes on businesses instead.

The business community already pays an unfair share of the total ESL:

- The mill rate for commercial properties is 16.5 versus 6.6



Manitoba Director Victor Vrsnik at May news conference discussing impact of property tax increases on Manitoba businesses

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for residential.

- The portioned assessment for commercial property is 65% but only 45% for residential.

The CTF recommends that the province:

1. Set a 2002 ESL mill rate for business that is revenue neutral over last year;
2. Blend a single ESL mill rate for all assessed property classifications;
3. Phase out the ESL over 5-years on all assessed property classifications, not just residential. ■

2002 Property Tax Hikes on Winnipeg Business

The Three Components of the Property Tax Bill	2002 Tax Increase over 2001	Percent Increase	Tax Increase per \$1000 of New Portioned Assessment Value
Education Support Levy	\$5,330,548	8.7%	\$11.21
Special Levy (School Div. Tax)	12,107,175	14.6%	25.46
Municipal Tax	5,663,413	5.1%	11.91
Total	\$23,101,136	9.1%	\$48.58

ESL Tax Hikes on Manitoba Business

	2002 Tax Increase over 2001	Percent Increase	Tax Increase per \$1000 of New Portioned Assessment Value
Education Support Levy	\$3,079,808	3.3%	\$6.14

Media Quotes

Education Tax Cut Offered on Back of Business: Critic

“The Doer government may be offering modest cuts to the education tax Manitobans pay – but it’s being done on the backs of businesses, charges the Canadian Taxpayers Federation.”

Winnipeg Sun, May 4, 2002

Business to Bear Brunt: Tax Group -- Break for homeowners could mean hit for business

“It’s a positive sign that the value of business is growing, but it’s a negative sign that

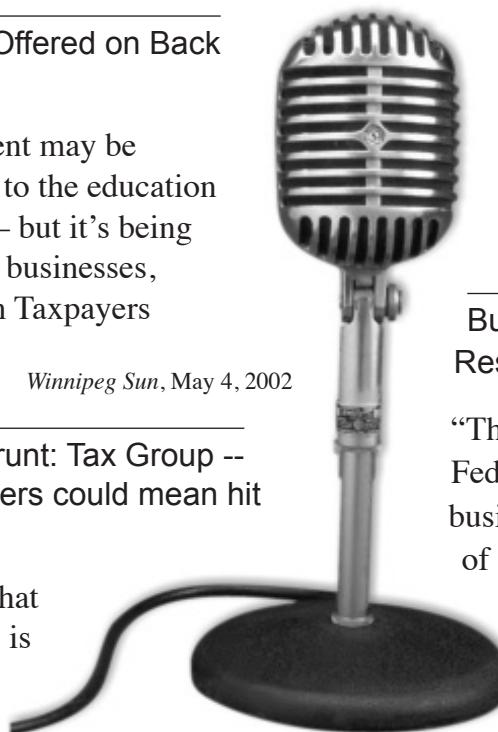
government is punishing those businesses with a property tax hike,” Vrsnik said.

Winnipeg Free Press, May 4, 2002

Business Owners Paying for Residential Tax Relief

“The Canadian Taxpayers Federation wants to point out businesses are picking up part of the tab resulting from a Doer government initiative to bring down the level of taxation for homeowners.”

CJOB, May 3, 2002



Ontario Budget 2002

by Walter Robinson

When the history of Ontario in the first decade of the 21st century is written, June 17, 2002 – budget day – will be referred to as a black Monday for committed fiscal conservatives.

During the budget lockup, disappointment was the common reaction from business groups, boards of trade and other like-minded organizations. And more than a few talking heads commented on the tragic irony of the budget title: *Keeping the Promise*. The only promises kept were ones of higher spending, delayed tax cuts and abandoning any semblance of debt reduction. But no one should be surprised that the Eves government chose this direction; after all it was clearly telegraphed in the Throne Speech in May.

To be fair, the increases in health care and education are a function of promises made during the 1999 election in the Tories' *Blueprint* platform. In addition, allocating almost \$500 million to the environment ministry envelope over two years was a direct result of the province's unequivocal acceptance of Justice O'Connor's Walkerton inquiry report. Outside of these three priority envelopes, expenditures actually dropped by 2%.

Yet a record expenditure of \$65.533 billion sets an ominous tone for the next election. Especially

when Ontarians consider that both Liberal leader Dalton McGuinty and NDP boss Howard Hampton were all over Queen's Park on budget day complaining that not enough money was spent.

During the past five years, spending growth has exceeded the combined rate of inflation plus population growth.

Digging further through the budget tables, taxpayers come across pages 65 and 66 where spending is outlined in two telling pie charts. Some 39% – \$25.7 billion – of all expenditure dollars now go to health care and when debt interest payments (Ontario's third largest expenditure area) are excluded, health spending jumps to a whopping 47%.

In the budget, the government acknowledges that spiralling health care costs are a national problem, but defining this scope does not excuse Health Minister Tony Clement along with Ms. Ecker and the Premier from their collective duty to outline a plan with respect to health system reform. So where is this plan?

At the current health budget growth rate, in less than a decade Ontario will need just two ministries: finance to collect taxes, and health to spend them. Then how do we fund and deliver every other public service?

Another problem with the budget is that the

Ecker's 1st effort rated a C-minus

By ALAN FINDLAY

Queen's Park Bureau

Finance Minister Janet Ecker's first budget left a lot of onlookers wondering if the Tories are trying to change their stripes.

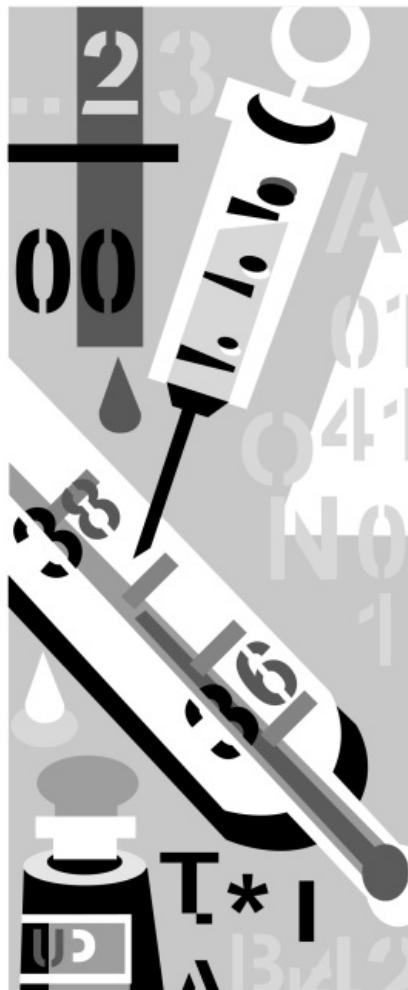
Canadian Taxpayers Federation director Walter Robinson, whose group first suggested protecting taxpayers through legislation, gave Ecker's first attempt at the books a C-.

government – for the seventh straight year – refuses to disclose its projections for revenues and expenditures beyond the current fiscal year. This is a big blow to transparency and truth in budgeting. Ms. Ecker could learn a thing or two from her colleagues in Ottawa and their practice of projecting rolling two-year analyses in budget documents and offering up five-year private sector consensus forecasts in federal economic updates.

Turning to the revenue side of the budget, many questions need to be answered. To start, the Tories will delay cuts to personal income taxes, corporate income taxes and augmentation of the private school tax credit by one year. Instead of taking effect on January 1, 2003, these measures are now slated to kick in on January 1, 2004.

Sadly, the government has obfuscated the full impact of delaying earlier promised tax cuts. On page 96 of the budget, the total impact for 2002-2003 adds up to \$327 million, but this only represents three months of the fiscal year. The full calendar year impact for 2003 is over \$1.3 billion.

However, this requires an amendment to the **Taxpayer Protection Act** since it states that delays of legislated (from previous budgets) tax decreases are tantamount to tax increases and must therefore



“Some 39% – \$25.7 billion – of all expenditure dollars now go to health care and when debt interest payments ... are excluded, health spending jumps to a whopping 47%.... at the current growth rate, in less than a decade Ontario will need just two ministries: finance to collect taxes, and health to spend them.”

be put to the people via referendum

To pass the smell test, this amendment must be specific to the tax cuts delayed and must expire – a sunset clause – on or before the eve of next year’s budget. The fact that neither political nor ministry staff from finance could produce a copy or draft text of the language to be used in this amendment is very troubling.

And other than a \$1 billion reserve, the government has again failed to provide intergenerational fiscal leadership by refusing to establish a legislated debt reduction schedule. Net provincial debt still hovers at \$110.5 billion and debt interest payments chew up \$8.5 billion annually or almost \$1 million per hour.

Perhaps it's time to issue an all points bulletin. Lost: prudent fiscal managers. If found, please return to Ontario. ■

Ontario government's spending explosion

	1998-99	1999-00	2000-01	2001-02	2002-03
Expenditures (millions)	\$57,788	\$61,909	\$61,601	\$63,336	\$65,533
Growth over previous year	2.31%	7.13%	- 0.50%	2.82%	3.99%

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